OFFICIAL STATEMENT

NEW ISSUE

This Official Statement provides information on the 2015 Series 1 Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement.

$207,240,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE REFUNDING BONDS, 2015 SERIES 1

Dated: Date of Delivery **Due: July 1, as shown below**

Ratings	AA+ Fitch Ratings AAA Kroll Bond Rating Agency, Inc. Aa2 Moody's Investors Service, Inc. AA+ Standard & Poor's Ratings Services
Tax Exemption	Interest on the 2015 Series 1 Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference. Interest on the 2015 Series 1 Bonds is not exempt from State of Wisconsin income or franchise taxes—*Page 12*.
Redemption	The 2015 Series 1 Bonds maturing on or after July 1, 2026 are subject to optional redemption at par (100%) on any date on or after July 1, 2025—*Page 4*.
Security	The Bonds have a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and a first claim on other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 6-10.*
Priority	The 2015 Series 1 Bonds are issued on a parity with the Prior Bonds, which are outstanding as of March 1, 2015 in the amount of $1,890,880,000, and any additional parity Bonds issued by the State pursuant to the General Resolution—*Pages 6-10.*
Purpose	Proceeds of the 2015 Series 1 Bonds will be used to current refund and advance refund certain Outstanding Bonds, and to pay costs of issuance—*Pages 2-4.*
Interest Payment Dates	January 1 and July 1, starting January 1, 2016
Closing/Settlement	On or about April 30, 2015
Denominations	Multiples of $5,000
Book-Entry-Only Form	The Depository Trust Company—*Pages 4-5.*
Trustee/Registrar/Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel	Quarles & Brady LLP
Issuer Contact	Wisconsin Capital Finance Office; (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
2014 Annual Report	This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014.

The prices and yields listed below were determined on March 26, 2015 at negotiated sale.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Call Date (July 1)	Call Price
977123 K56	2016	$17,555,000	1.00%	0.30%	100.816%		Not Callable	-
977123 K64	2017	23,255,000	5.00	0.64	109.377		Not Callable	-
977123 K72	2018	12,390,000	5.00	0.94	112.647		Not Callable	-
977123 K80	2019	13,105,000	5.00	1.21	115.363		Not Callable	-
977123 K98	2021	26,605,000	5.00	1.61	119.831		Not Callable	-
977123 L22	2022	13,940,000	5.00	1.82	121.280		Not Callable	-
977123 L30	2023	14,640,000	5.00	1.96	122.843		Not Callable	-
977123 L48	2024	15,370,000	5.00	2.09	124.164		Not Callable	-
977123 L55	2025	16,135,000	5.00	2.19	125.490		Not Callable	-
977123 L63	2026	16,950,000	5.00	2.30	124.355	(a)	2025	100%
977123 L71	2027	11,830,000	5.00	2.41	123.232	(a)	2025	100
977123 L89	2028	12,420,000	5.00	2.53	122.021	(a)	2025	100
977123 L97	2029	13,045,000	5.00	2.60	121.322	(a)	2025	100

(a) These 2015 Series 1 Bonds are priced to the July 1, 2025 first optional call date.

Barclays

BMO Capital Markets **Jefferies** **Loop Capital Markets** **Wells Fargo Securities**

March 26, 2015

This document is the State's official statement about the offering of the 2015 Series 1 Bonds; that is, it is the only document the State has authorized for providing information about the 2015 Series 1 Bonds. This document is not an offer or solicitation for the 2015 Series 1 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2015 Series 1 Bonds, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State's permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

The estimates, forecasts, projections, and opinions in this document are not hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

In connection with the offering of the 2015 Series 1 Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2015 Series 1 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2015 Series 1 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2015 Series 1 Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

TABLE OF CONTENTS

STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF 2015 SERIES 1 BONDS

BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Scott Walker, Chairperson	January 7, 2019
Senator Terry Moulton, Vice Chairperson	January 7, 2019
Senator Jerry Petrowski	January 7, 2019
Senator Janis Ringhand	January 7, 2019
Representative Mark Born	January 2, 2017
Representative Robb Kahl	January 2, 2017
Representative Rob Swearingen	January 2, 2017
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Vacant, State Chief Engineer Department of Administration	——
Mr. Daniel J. Stephans, State Ranking Architect Department of Administration	——

Building Commission Secretary

Ms. Summer R. Strand, Administrator Division of Facilities Development Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

Mr. Brad D. Schimel State Attorney General	January 7, 2019
Mr. Scott A. Neitzel, Secretary Department of Administration	At the pleasure of the Governor
Mr. Mark Gottlieb, P.E., Secretary Department of Transportation	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
DOACapitalFinanceOffice@wisconsin.gov

Mr. Kevin D. Taylor
Capital Finance Director
(608) 266-2305
kevin.taylor@wisconsin.gov

Mr. David Erdman
Assistant Capital Finance Director
(608) 267-0374
david.erdman@wisconsin.gov

* The Building Commission is composed of eight voting members. The Governor serves as the chairperson. Each house of the Wisconsin State Legislature appoints three members. State law provides for the two major political parties to be represented in the membership from each house. One citizen member is appointed by the Governor and serves at the Governor's pleasure.

SUMMARY DESCRIPTION

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2015 Series 1 Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Refunding Bonds, 2015 Series 1
Principal Amount:	$207,240,000
Denominations:	Multiples of $5,000
Date of Issue:	On or about April 30, 2015
Interest Payment:	January 1 and July 1, starting January 1, 2016
Maturities:	July 1, 2016-2019 and 2021-2029—*Front Cover*
Record Date:	December 15 or June 15
Redemption:	*Optional*—The 2015 Series 1 Bonds maturing on or after July 1, 2026 are subject to optional redemption at par (100%) on any date on or after July 1, 2025—*Page 4*
Form:	Book-entry-only—*Pages 5-6*
Paying Agent:	All payments of principal and interest on the 2015 Series 1 Bonds will be made by The Bank of New York Mellon Trust Company, N.A., or its successor. All payments will be made to The Depository Trust Company, which will distribute payments as described herein.
Authority for Issuance:	The 2015 Series 1 Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	The 2015 Series 1 Bond proceeds will be used to current refund and to advance refund certain Outstanding Bonds, and to pay costs of issuance.
Security:	The Bonds are revenue obligations having a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and a first claim on other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 6-10*
Priority and Additional Bonds:	The 2015 Series 1 Bonds are issued on a parity with the Outstanding Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. As of March 1, 2015, $1,890,880,000 of Prior Bonds were Outstanding and $144,103,000 of Notes subordinate to the Prior Bonds were Outstanding. The State may, if certain conditions are met, issue additional transportation revenue obligations on parity with the Prior Bonds and the 2015 Series 1 Bonds—*Pages 6-10*
Legality of Investment:	State law provides that the 2015 Series 1 Bonds are legal investments for all banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State, the State investment board and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the 2015 Series 1 Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference.—*Page 12* Interest on the 2015 Series 1 Bonds is not exempt from State of Wisconsin income or franchise taxes—*Page 12*
Legal Opinion:	Validity and tax opinion to be provided by Quarles & Brady LLP—*Page C-1*
2014 Annual Report:	This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014.

OFFICIAL STATEMENT

$207,240,000

STATE OF WISCONSIN

TRANSPORTATION REVENUE REFUNDING BONDS, 2015 SERIES 1

INTRODUCTION

This Official Statement sets forth information concerning the $207,240,000 State of Wisconsin Transportation Revenue Refunding Bonds, 2015 Series 1 **(2015 Series 1 Bonds)**, issued by the State of Wisconsin **(State)**. This Official Statement includes by reference, and makes updates and additions to, Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014 **(2014 Annual Report)**.

The 2015 Series 1 Bonds are revenue obligations issued for the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), authorized by Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended **(Revenue Obligations Act)** and Section 84.59 of the Wisconsin Statutes (**Act**), and issued pursuant to a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998, August 9, 2000, and October 15, 2003 (**General Resolution**), and a Series Resolution adopted by the Commission on January 14, 2015 (**Series Resolution)** (collectively, with the General Resolution, the **Resolutions**).

The 2015 Series 1 Bonds, the Prior Bonds, and any additional parity Bonds (as such terms are defined herein) issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income. Program Income (as defined herein) includes vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes and certain other vehicle registration-related fees pursuant to 2003 Wisconsin Act 33 and a supplement to the General Resolution adopted on October 15, 2003. See "SECURITY FOR THE BONDS".

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell transportation revenue obligations of the State. The Commission is assisted and staffed by the State of Wisconsin Department of Administration.

In connection with the issuance and sale of the 2015 Series 1 Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2015 Series 1 Bonds. Copies of the Resolutions, the Revenue Obligations Act and the Act are available from the Commission. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings assigned in the Resolutions. Certain documents are expressly incorporated into this Official Statement by reference, however, all other web sites listed in this Official Statement are provided for informational purposes only and are not incorporated by reference into this Official Statement.

THE DEPARTMENT OF TRANSPORTATION

The State of Wisconsin Department of Transportation (**Department** or **WisDOT**) is the State agency that is involved with all forms of transportation in the State, including the construction and reconstruction of State highways and related transportation facilities and the registration of all motor vehicles. The Department is also the State agency responsible for the collection of vehicle registration fees and other vehicle registration-related fees, which are pledged as security for the revenue obligations issued by the State pursuant to the General Resolution.

Information concerning the Department is included as APPENDIX A to this Official Statement, which includes by reference Part V of the 2014 Annual Report. APPENDIX A also makes updates and additions to Part V of the 2014 Annual Report.

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 20th among the states in population and 25th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State and its financial condition is included as APPENDIX B, which includes by reference Part II of the 2014 Annual Report. APPENDIX B also makes updates and additions to Part II of the 2014 Annual Report, including but not limited to:

- Estimated General Fund condition statement for the 2014-15 fiscal year and General Fund tax collection projections for the 2014-15 fiscal year and 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on January 23, 2015 **(January 2015 LFB Report)**.
- General Fund information for the 2014-15 fiscal year through February 28, 2015, which is presented on either a cash basis or an agency-recorded basis.
- Information about the executive budget bill for the 2015-17 biennium.

Requests for additional public information about the State, the Department, or the Program may be directed to:

Contact:	Department of Administration Capital Finance Office Attn: Capital Finance Director
Mail:	101 East Wilson Street, FLR 10 P.O. Box 7864 Madison, WI 53707-7864
Phone:	(608) 266-2305
E-mail:	DOACapitalFinanceOffice@wisconsin.gov
Web site:	www.doa.wi.gov/capitalfinance

PLAN OF FINANCE

General

The Legislature has authorized the issuance of revenue obligations to finance the costs of State transportation facilities and highway projects **(Projects)** and to refund Outstanding Bonds previously issued for that purpose. The 2015 Series 1 Bonds are authorized by the Revenue Obligations Act and the Act, and issued pursuant to the Resolutions to current refund **(Current Refunding)** and advance refund **(Advance Refunding)** certain Outstanding Bonds previously issued by the State.

The refunded maturities associated with the Current Refunding are currently outstanding in the total principal amount of $88,400,000 **(Current Refunded Bonds)** and the refunded maturities associated with the Advance Refunding are currently outstanding in the total principal amount of $137,235,000 **(Advance Refunded Bonds)**.

APPENDIX D identifies, and provides information about, the Current Refunded Bonds and the Advance Refunded Bonds.

Current Refunding

To provide for the Current Refunding, upon delivery of the 2015 Series 1 Bonds, a portion of the proceeds will be deposited with the Trustee into the Principal and Interest Account of the Redemption Fund. These proceeds will be used to pay on July 1, 2015 the principal or redemption price of the Current Refunded Bonds.

Interest due on July 1, 2015 on the Current Refunded Bonds will not be paid with proceeds from the 2015 Series 1 Bonds, but, in accordance with the requirements of the General Resolution, such interest amounts due will be collected from Program Income and deposited in the Principal and Interest Account of the Redemption Fund held by the Trustee. It is anticipated that such interest payment due on July 1, 2015 for the Current Refunded Bonds will be fully funded and on deposit in the Principal and Interest Account on or about May 1, 2015.

In the opinion of Bond Counsel, upon the State making (i) the deposit of 2015 Series 1 Bond proceeds into the Principal and Interest Account of the Redemption Fund, and (ii) the deposit as required by the General Resolution in the Principal and Interest Account of the Redemption Fund for the July 1, 2015 interest payment due on the Current Refunded Bonds, as described above, and with such funds being invested as required by the General Resolution, the Current Refunded Bonds will be deemed to be paid for purposes of the General Resolution and will no longer be considered outstanding under the General Resolution.

Advance Refunding

To provide for the Advance Refunding, upon delivery of the 2015 Series 1 Bonds, a portion of the proceeds will be used to purchase direct obligations of and obligations guaranteed by the United States of America **(Government Obligations)**. These Government Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- to pay when due the interest (other than the interest due on July 1, 2015) on the Advance Refunded Bonds to and including their respective redemption or maturity dates, and
- to redeem or pay the principal of the Advance Refunded Bonds on their respective redemption dates at their respective redemption prices or amounts of maturing principal.

Interest due on July 1, 2015 on the Advance Refunded Bonds will not be funded with proceeds from the 2015 Series 1 Bonds, but, in accordance with the requirements of the General Resolution, such interest amounts will be funded from Program Income and deposited in the Principal and Interest Account of the Redemption Fund held by the Trustee. It is anticipated that such interest payment due on July 1, 2015 for the Advance Refunded Bonds will be fully funded and on deposit in the Principal and Interest Account on or about May 1, 2015.

In the opinion of Bond Counsel, upon the State making (i) the deposits as required by the General Resolution into the Principal and Interest Account of the Redemption Fund for the July 1, 2015 interest payment due on the Advance Refunded Bonds, as described above, and (ii) the deposits into the Escrow Fund, as outlined below, and with such funds being invested as required by the General Resolution, the Advance Refunded Bonds will be deemed to be paid for purposes of the General Resolution and will no longer be considered outstanding under the General Resolution.

Refunding Escrow Agreement

For the Advance Refunding, the Government Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund **(Escrow Fund)** created by a Refunding Escrow Agreement **(Escrow Agreement)**, between the State and The Bank of New York Mellon Trust Company, N.A. **(Escrow Trustee)** solely for the benefit of the owners of the Advance Refunded Bonds.

The Escrow Fund will be held by the Escrow Trustee in trust to make principal and interest payments on the Advance Refunded Bonds, other than interest due on July 1, 2015. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. No fees or other charges of the Escrow Trustee may be paid from moneys in the Escrow Fund. Instead, the State has agreed that it will pay all such fees and charges to the Escrow Trustee from other available funds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Robert Thomas CPA, LLC **(Verification Agent)**.

Sources and Applications

It is expected that the proceeds of the 2015 Series 1 Bonds will be applied as follows.

Sources

Principal Amount of the 2015 Series 1 Bonds	$ 207,240,000.00
Original Issue Premium	37,710,638.85
Total Sources	$ 244,950,638.85

Applications

Deposit to Escrow Fund	$ 155,307,567.65
Deposit to Principal and Interest Account/Redemption Fund	88,400,000.00
Deposit to the Program Account to Pay Costs of Issuance	430,419.69
Underwriters' Discount	812,651.51
Total Applications	$ 244,950,638.85

THE 2015 SERIES 1 BONDS

General

The 2015 Series 1 Bonds are issued under the General Resolution. The front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and other information for the 2015 Series 1 Bonds.

The 2015 Series 1 Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the 2015 Series 1 Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "THE 2015 SERIES 1 BONDS; Book-Entry-Only Form".

The 2015 Series 1 Bonds will be dated their date of delivery (expected to be April 30, 2015) and will bear interest from that date payable on January 1 and July 1 of each year, beginning on January 1, 2016.

Interest on the 2015 Series 1 Bonds will be computed on the basis of a 30-day month and a 360-day year. So long as such Bonds are in book-entry-only form, payments of principal and interest for each Bond will be paid to the securities depository.

The 2015 Series 1 Bonds are issued as fully-registered bonds without coupons in the principal denominations of $5,000 or any multiples thereof.

The Bank of New York Mellon Trust Company, N.A., or its successor, is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2015 Series 1 Bonds.

Optional Redemption

The 2015 Series 1 Bonds maturing on or after July 1, 2026 are subject to optional redemption, at the option of the Commission, on July 1, 2025 or any date after that date, in whole or in part in integral multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption. In the event of partial redemption, the Commission shall direct the amounts and maturity or maturities of the 2015 Series 1 Bonds to be redeemed.

Selection of 2015 Series 1 Bonds for Redemption

The 2015 Series 1 Bonds shall be called for redemption in multiples of $5,000 and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000, and such bonds may be selected for redemption in part. If the 2015 Series 1 Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of the 2015 Series 1 Bonds affected thereby shall be made solely by DTC and the DTC Participants in accordance with their then prevailing rules. If the 2015 Series 1

Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2015 Series 1 Bonds are in book-entry form, a notice of the redemption of any 2015 Series 1 Bonds shall be sent to the securities depository not less than 30 days or more than 60 days prior to the date of redemption.

Interest on any 2015 Series 1 Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Ratings

The following ratings have been assigned to the 2015 Series 1 Bonds:

Rating	Rating Agency
AA+	Fitch Ratings
AAA	Kroll Bond Rating Agency, Inc.
Aa2	Moody's Investors Service, Inc.
AA+	Standard and Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the rating agency giving the rating. No one can offer any assurance that a rating given to the 2015 Series 1 Bonds and the Outstanding Bonds will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives, if in its judgment, circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2015 Series 1 Bonds and the Outstanding Bonds.

Book-Entry-Only Form

The 2015 Series 1 Bonds are being initially issued in book-entry-only form. Purchasers of the 2015 Series 1 Bonds will not receive bond certificates but instead will have their ownership recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the Bonds. Ownership of the 2015 Series 1 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system **(DTC Participants)**. All transfers of ownership in the 2015 Series 1 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, interest on, and any redemption premium on the 2015 Series 1 Bonds to DTC. Owners of the 2015 Series 1 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State and Trustee will provide notices and other communications about the 2015 Series 1 Bonds to DTC. Owners of the 2015 Series 1 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2015 Series 1 Bonds of a given maturity or Sinking Fund Installment are being redeemed, DTC's practice is to determine by lottery the amount of the 2015 Series 1 Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. The State and Trustee are not responsible for any information available on DTC's web site. That information may be subject to change without notice.

The State and Trustee are not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2015 Series 1 Bonds or to follow the procedures established by DTC for its book-entry system.

Provisions Upon Discontinuance of Book-Entry-Only System

In the event the 2015 Series 1 Bonds were not in book-entry-only form, how the 2015 Series 1 Bonds are paid, redeemed, and transferred would differ as described below.

Payment

Payment of principal would be made by check or draft issued upon presentation and surrender of the 2015 Series 1 Bonds at the office of the Paying Agent. Payment of interest due on the 2015 Series 1 Bonds would be made by check or draft mailed to the registered owner shown in the registration books on the Record Date, which is the 15th day of the month (whether or not a business day) preceding the Interest Payment Date.

Redemption

If less than all of a particular maturity of the 2015 Series 1 Bonds is to be redeemed, selection for redemption would be by lot. Any notice of the redemption of any 2015 Series 1 Bonds would be mailed not less than 30 days prior to the date of redemption to the registered owners of any 2015 Series 1 Bonds to be redeemed. Interest on any 2015 Series 1 Bond called for redemption would cease to accrue on the redemption date so long as the 2015 Series 1 Bond was paid or money was on deposit with the Registrar or Paying Agent for its payment.

Transfer

Any 2015 Series 1 Bond would be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2015 Series 1 Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2015 Series 1 Bond is surrendered for transfer, the Registrar shall deliver 2015 Series 1 Bonds in like aggregate principal amount, interest rate, and maturity. The Registrar may require the Bondholder requesting the transfer to pay any tax, fee or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2015 Series 1 Bond. The Registrar shall not be obliged to make any transfer or exchange of 2015 Series 1 Bonds:

(1) after the 15th day of the month preceding an Interest Payment Date for such 2015 Series 1 Bond,

(2) during the 15 days preceding the date of the mailing of a notice of redemption of such 2015 Series 1 Bonds selected for redemption, or

(3) after such 2015 Series 1 Bond has been called for redemption.

SECURITY FOR THE BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds (as defined herein), sources of payment, vehicles subject to registration, past and projected vehicle registration fees, past and projected other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, and the Department is included as APPENDIX A, which includes by reference Part V of the 2014 Annual Report.

APPENDIX A also includes any updates to Part V of the 2014 Annual Report, including but not limited to, provisions of the Governor's executive budget for the 2015-17 biennium.

Prior Bonds

The Legislature has authorized the issuance of $3.768 billion of revenue obligations to finance the costs of Projects, excluding revenue obligations issued to refund Outstanding Bonds. As of March 1, 2015, $3.525 billion of the authorized amount has been issued.

The following is a summary of the Transportation Revenue Bonds which are currently Outstanding Bonds within the meaning of the General Resolution:

Bond Issue	Dated Date
Transportation Revenue Bonds, 1998 Series A (**1998 Series A Bonds**)	August 15, 1998
Transportation Revenue Bonds, 2005 Series A **(2005 Series A Bonds)**	March 10, 2005
Transportation Revenue Bonds, 2005 Series B **(2005 Series B Bonds)**	September 29, 2005
Transportation Revenue Bonds, 2007 Series A **(2007 Series A Bonds)**	March 8, 2007
Transportation Revenue Refunding Bonds, 2007 Series 1 **(2007 Series 1 Bonds)**	March 8, 2007
Transportation Revenue Bonds, 2008 Series A **(2008 Bonds)**	August 27, 2008
Transportation Revenue Bonds, 2009 Series B (Taxable) **(2009 Series B Bonds)**	October 1, 2009
Transportation Revenue Bonds, 2010 Series A **(2010 Series A Bonds)**	December 9, 2010
Transportation Revenue Bonds, 2010 Series B (Taxable) **(2010 Series B Bonds)**	December 9, 2010
Transportation Revenue Bonds, 2012 Series 1 **(2012 Series 1 Bonds)**	April 25, 2012
Transportation Revenue Bonds, 2012 Series 2 **(2012 Series 2 Bonds)**	June 28, 2012
Transportation Revenue Bonds, 2013 Series 1 **(2013 Bonds)**	March 6, 2013
Transportation Revenue Bonds, 2014 Series 1 **(2014 Series 1 Bonds)**	April 23, 2014
Transportation Revenue Refunding Bonds, 2014 Series 2 **(2014 Series 2 Bonds)**	December 10, 2014

These Outstanding Bonds (collectively, **Prior Bonds**), and the 2015 Series 1 Bonds, together with any future additional Bonds issued by the State pursuant to the General Resolution, are referred to collectively as the **Bonds**. As of March 1, 2015, the amount of outstanding Prior Bonds was $1,890,880,000.

The 2015 Series 1 Bonds are issued on a parity with the Prior Bonds and any future additional parity Bonds issued by the State pursuant to the General Resolution.

The State has issued various series of Transportation Revenue Commercial Paper Notes (collectively, **Notes**). As of March 1, 2015, the amount of outstanding Notes was $144,103,000. The Notes were issued pursuant to the General Resolution and pursuant to Series Resolutions that provide that the payment of the Notes by the State from Program Income is junior and subordinate to the Bonds. The Commission has authorized the issuance of additional Bonds to pay for the funding of the Notes. If and when issued, the additional Bonds issued to fund the Notes will be on a parity with the Prior Bonds, the 2015 Series 1 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

Security

The 2015 Series 1 Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2015 Series 1 Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income (as defined below), and the funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds. The 2015 Series 1 Bonds are not general obligations of the State.

The 2015 Series 1 Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund. The State is not generally liable on the 2015 Series 1 Bonds, and the Bonds shall not be a debt of the State for any purpose whatsoever.

Program Income includes vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes **(Registration Fees)** and certain other vehicle registration-related fees pursuant to 2003 Wisconsin Act 33 and a supplement to the General Resolution adopted on October 15, 2003 **(Other Registration-Related Fees)**. Other Registration-Related Fees include many types of fees that are enumerated in the Wisconsin Statutes, however, many of the Other Registration-Related Fees result in insignificant or sporadic annual revenues. Given this insignificant and sporadic nature, the State is currently providing continuing disclosure on some, but not all, Other Registration-Related Fees. These specific Other Registration-Related Fees include vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. SEE APPENDIX A.

The Notes, and any other obligations to be issued on parity with the Notes, are also revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund authorized by the General Resolution and created pursuant to the Series Resolutions for the Notes. The pledge of Program Income to the Subordinated Debt Service Fund is subordinate and junior to the pledge of Program Income to the payment of principal and interest on the Bonds.

2015-17 Executive Budget

APPENDIX A contains a summary of the Governor's executive budget for the 2015-17 biennium that relates to transportation revenue obligations, including but not limited to, (i) expanding statutory authority to enable 50% of the State's motor vehicle fuel tax revenues to be pledged to repayment of transportation revenue obligations, and (ii) increasing the amount of transportation revenue obligations that can be issued by $1.011 billion.

There can be no assurance as to whether the proposed budget provisions summarized in APPENDIX A will be approved by the Legislature and enacted into law. Even if such provisions were approved by the Legislature and enacted into law, it has not been determined if the Commission would pledge such motor fuel tax revenues to repayment of the Bonds through amendments to the existing General Resolution, or whether such revenues would be pledged by the Commission only to certain future transportation revenue obligations issued pursuant to a separate resolution or other instrument.

Flow of Funds

Program Income is collected by the Trustee, or the Department as agent of the Trustee, continuously throughout the entire fiscal year, and deposited as received outside the State Treasury in an account with the Trustee defined as the **Redemption Fund**. Program Income deposited into the Redemption Fund is not subject to legislative appropriation. Program Income is further defined to include all the interest earned or gain realized from the investment of the Redemption Fund. Starting on the date a series of Bonds is issued and also on each Redemption Fund Deposit Day (the 1st day of January, April, July, and October), all Program Income is deposited into the funds and accounts established under, and in the order of priority and amounts required by, the General Resolution. Program Income received by the Trustee in the Redemption Fund is to be used:

(1) to pay interest on all Outstanding Bonds,

(2) to pay the principal or Redemption Price of all Outstanding Bonds,

(3) to maintain the Debt Service Reserve Requirement, if any, in the Reserve Fund,

(4) to pay, from the Program Expense Fund, direct administrative expenses (**Program Expenses**) of the State's program of financing Projects, and

(5) to pay, from the Subordinated Debt Service Fund, principal of and interest on the Notes and any other obligations issued on a parity with the Notes.

Program Income in excess of the amount needed for such purposes is to be continuously transferred to the Transportation Fund held by the Department free of the lien of the pledge of the General Resolution and will be used by the Department for any of its authorized purposes.

Build America Bonds

The direct payment the State expects to receive from the United States Treasury on each interest payment date, in connection with the 2009 Series B Bonds and the 2010 Series B Bonds, which were designated by the State as qualified "build America bonds," is not Program Income and is not pledged to the payment of interest, principal, or Redemption Price on the Bonds.

With respect to the direct payments the State expects to receive, since such payments are not Program Income and not pledged to the payment on the Bonds, there is no direct impact on the Bonds with these direct payments being subject to mandated across-the-board cuts to the Federal budget for the federal fiscal year that started October 1, 2014. The impact of these cuts for the current federal fiscal year is a 7.3% reduction in the direct payment amount that the State expects to receive.

State Pledge and Agreement

In the General Resolution, the State pledges and agrees with the Bondholders that the State will not limit or alter its powers to fulfill the terms of any agreements (made in the General Resolution or in the Bonds) with the Bondholders, or in any way impair the rights and remedies of the Bondholders until the Bonds, together with interest, including interest on any unpaid installments of interest thereon, and Redemption Price thereof, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged.

November 4, 2014 Constitutional Amendment Referendum

A constitutional amendment referendum question was approved in the State's general election on November 4, 2014. The constitutional amendment has no direct impact on Bondholders and holders of the Notes. Pursuant to the General Resolution, Program Income continues to be first collected by the Trustee, or the Department as agent of the Trustee, and deposited outside the State Treasury in an account with the Trustee defined as the Redemption Fund. After all General Resolution requirements are met, excess Program Income is then transferred to the State's Transportation Fund. See "Security; *Flow of Funds*" above. Thereafter, upon deposit to the State's Transportation Fund, the revenues are subject to the requirements of the constitutional amendment.

The constitutional amendment requires most revenues generated by the State's transportation system to be deposited with a trustee for the benefit of the Department or the holders of transportation-related revenue bonds (such as Bondholders and holders of the Notes) or into the Transportation Fund administered by the Department for the exclusive purpose of funding the State's transportation systems. The constitutional amendment further prohibits any transfers or lapses from the Transportation Fund.

Reserve Fund

The General Resolution creates a Reserve Fund for the Bonds; however, the required balance of the Reserve Fund is $0.00.

The State pursuant to each Series Resolution specifies the Debt Service Reserve Requirement, if any, for each Series of Bonds. The individual Debt Service Reserve Requirements for each Series of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement is reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. Since 2003, the State has not specified a Debt Service Reserve Requirement for any Series of Bonds that have been issued. The State will continue this practice in connection with the issuance of the 2015 Series 1 Bonds. Accordingly, the Debt Service Reserve Requirement for the 2015 Series 1 Bonds is $0.00. Furthermore, the State does not currently expect to specify a Debt Service Reserve Requirement for any future Series of additional Bonds; however, the State reserves the right to change its practice and no representation is made as to the amount of the Debt Service Reserve Requirement that the State may specify for any future Series of additional Bonds.

In the event that the Reserve Fund were to be funded in connection with a future Series of Bonds, the General Resolution provides that it shall be used to make up any deficiency in the Redemption Fund for the payment of principal of and interest on all of the-then Outstanding Bonds. If there is a deficiency in the Reserve Fund, the Trustee shall, after setting aside in the Principal and Interest Account the applicable amount required to be deposited therein, deposit Program Income into the Reserve Fund in an amount sufficient to remedy such deficiency.

Additional Bonds

The General Resolution authorizes the issuance of additional Bonds for the purpose of paying the costs of Projects, funding reserves, paying costs of issuance, and refunding Outstanding Bonds. The issuance of transportation revenue obligations to finance the costs of Projects beyond the remaining legislative authorized amount requires additional legislative authorization; over the past ten years such additional legislative authorization has been provided biennially as part of the State's biennial budget process. See "SECURITY FOR THE 2015 SERIES 1 BONDS; Prior Bonds".

In addition, except in the case of additional Bonds issued to refund Outstanding Bonds (such as the 2015 Series 1 Bonds), additional Bonds may be issued only if Program Income for any 12 consecutive calendar months of the preceding 18 calendar months was at least equal to 2.25 times the maximum aggregate Principal and Interest Requirement in any Bond Year for all Outstanding Bonds, including the Bonds to be issued. The General Resolution defines **Outstanding Bonds**, as of any particular date, as all Bonds previously delivered and expected to be delivered, except (1) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (2) any Bond deemed to have been defeased pursuant to the General Resolution, and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

SUMMARY OF THE GENERAL RESOLUTION

A summary of the General Resolution is included as APPENDIX A, which includes by reference Part V of the 2014 Annual Report.

BORROWING PROGRAM

The 2015 Series 1 Bonds are the first issuance of transportation revenue bonds in calendar year 2015. The Commission has authorized up to $168 million of additional transportation revenue refunding obligations. The amount and timing of any additional transportation revenue refunding obligations depends on market conditions.

The Department also expects to request the authorization and issuance of additional transportation revenue obligations in the third or fourth quarter of this calendar year to fund certain Projects.

The Commission has previously authorized the issuance of additional Bonds for the funding of the outstanding Notes. If and when issued, the Bonds issued to fund the Notes will be on parity with the Prior Bonds, the 2015 Series 1 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

UNDERWRITING

The 2015 Series 1 Bonds are being purchased by the **Underwriters**, for which Barclays Capital Inc. is acting as the **Representative**. The Underwriters have agreed, subject to certain conditions, to purchase the 2015 Series 1 Bonds from the State at an aggregate purchase price, not including accrued interest, of $244,137,987.34 reflecting an original issue premium of $37,710,638.85 and underwriters' discount of $812,651.51.

The Underwriters have agreed to reoffer the 2015 Series 1 Bonds at the public offering prices or yields set forth on the front cover. The 2015 Series 1 Bonds may be offered and sold to certain dealers (including dealers depositing such 2015 Series 1 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2015 Series 1 Bonds if any 2015 Series 1 Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Greenberg Traurig, LLP.

CUSIP NUMBERS, REOFFERING YIELDS, PRICES, AND OTHER INFORMATION

The table appearing on the front cover includes information about the 2015 Series 1 Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices. For each of the 2015 Series 1 Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

LEGALITY FOR INVESTMENT

State law provides that the 2015 Series 1 Bonds are legal investments for the following:

- Banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State, the State investment board and all public officers, municipal corporations, political subdivisions, and public bodies.

PENDING LITIGATION

The State and its officers and employees are defendants in numerous lawsuits. It is not expected that the pending litigation will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially affect the payment of interest on, principal of, or Redemption Price of the 2015 Series 1 Bonds.

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2015 Series 1 Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2015 Series 1 Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2015 Series 1 Bonds, (2) the validity of the 2015 Series 1 Bonds or any proceedings or authority by which the same have been issued, sold, executed and delivered, or (3) the pledge or application of any moneys or security provided for the payment of the 2015 Series 1 Bonds, the existence of the Department or its power to charge and collect Registration Fees and Other Registration-Related Fees and pledge them for the payment of the 2015 Series 1 Bonds.

In the event certificated Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2015 Series 1 Bond.

LEGALITY

All legal matters incident to the authorization, issuance, and delivery of the 2015 Series 1 Bonds are subject to the opinion of Quarles & Brady LLP (**Bond Counsel**), substantially in the form as set forth in APPENDIX C.

TAX MATTERS

Tax Exemption

Bond Counsel will deliver a legal opinion with respect to the exclusion from gross income for federal income tax purposes applicable to the interest on the 2015 Series 1 Bonds under existing law substantially in the form as set forth in APPENDIX C.

Prospective purchasers of the 2015 Series 1 Bonds should be aware that ownership of the 2015 Series 1 Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2015 Series 1 Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2015 Series 1 Bonds. It cannot be predicted whether or in what form any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the 2015 Series 1 Bonds may be enacted. Prospective purchasers of the 2015 Series 1 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Premium

To the extent that the initial offering prices of certain of the 2015 Series 1 Bonds are more than the principal amount payable at maturity, such 2015 Series 1 Bonds **(Premium Bonds)** will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

State Taxes

The interest on the 2015 Series 1 Bonds is not exempt from present Wisconsin income or franchise taxes. Owners of the 2015 Series 1 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2015 Series 1 Bonds.

FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated has been employed by the State to perform professional services in the capacity of financial advisor **(Financial Advisor)**. The Financial Advisor has provided advice on the plan of finance, selection of the Current Refunded Bonds and Advance Refunded Bonds, and structure of the 2015 Series 1 Bonds, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate (1) the sufficiency of the receipts from the Government Obligations, together with an initial cash deposit, to pay to and at early redemption the principal of and interest (other than interest due July 1, 2015) on the Advance Refunded Bonds and (2) the yield of the Escrow Fund is less than the yield on the 2015 Series 1 Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Advance Refunded Bonds will be paid as described in its report.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2015 Series 1 Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will send the report to the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The State will also provide to the MSRB through its EMMA system notices of the occurrence of certain events specified in the undertaking. Part I of the 2014 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.

Copies of the Annual Reports and notices may be obtained from:

Department of Administration
Capital Finance Office
Attn: Capital Finance Director
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov
www.doa.wi.gov/capitalfinance

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the MSRB. In the last five years, the State has not failed to comply in any material respect with this, or any similar, undertaking. During that period, rating agencies have changed their respective ratings with respect to various bond insurers. Certain obligations previously issued by the State were insured by policies issued by these bond insurers, and the State did not file notice of those rating changes, based on a determination that the changes were not material. On July 31, 2014, the State filed with the MSRB, as a technical clarification, a written notice of those rating changes of bond insurers where the rating before the change was above the underlying rating of the respective State obligations.

Dated: March 26, 2015

STATE OF WISCONSIN

/S/ SCOTT WALKER

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/S/ SUMMER R. STRAND

Summer R. Strand, Secretary
State of Wisconsin Building Commission

/S/ MARK GOTTLIEB

Mark Gottlieb, P.E., Secretary
State of Wisconsin Department of Transportation

APPENDIX A

INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin Transportation Revenue Bond Program, contained in Part V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014 (**2014 Annual Report**), which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part V of the 2014 Annual Report.

Part V of the 2014 Annual Report contains information concerning the Transportation Revenue Bond Program, security for the Bonds, sources of payment, vehicle registration fees, other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, the Wisconsin Department of Transportation **(Department** or **DOT)**, and a summary of the General Resolution. Part V of the 2014 Annual Report also includes the independent auditor's reports and audited statements of cash receipts and disbursements for the years ended June 30, 2014 and June 30, 2013.

The 2014 Annual Report has been filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system, and is also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2014 Annual Report may also be obtained from:

State of Wisconsin Department of Administration
Capital Finance Office
Attn: Capital Finance Director
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

After publication and filing of the 2014 Annual Report, certain changes or events have occurred that affect items discussed in the 2014 Annual Report. Certain of these changes or events are described in the body of this Official Statement. Listed below, by reference to particular sections of Part V of the 2014 Annual Report, are other changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

Security (Pages 155-158). Update with the following information.

2015-17 Executive Budget

The Governor's executive budget for the 2015-16 and 2016-17 fiscal years was released on February 3, 2015. The Governor's executive budget bill has been introduced in both houses of the Legislature and has been further referred to the Joint Committee on Finance for review. Both detailed and summary information about the Governor's executive budget for the 2015-17 biennium can be obtained from the following websites:
http://legis.wisconsin.gov/lfb/publications/budget/2015-17%20Budget/Pages/Governor.aspx
http://doa.wi.gov/divisions/budget-and-finance/biennial-budget

These websites are identified for the convenience of the reader only and are not incorporated by reference into this Official Statement. In addition, the Governor's executive budget for the 2015-17 biennium has been filed with the MSRB through its EMMA system, and additional information about the executive budget is available from the State as provided on page A-1.

The Governor's executive budget for the 2015-17 biennium includes provisions to (i) expand statutory authority to enable 50% of the State's motor vehicle fuel tax revenues to be pledged for repayment of transportation revenue obligations, and (ii) increase the amount of transportation revenue obligations that can be issued by $1.011 billion. There can be no assurance as to whether such provisions will be approved by the Legislature and enacted into law. Even if such provisions are approved by the Legislature and enacted into law, it has not been determined if the Commission would pledge the additional authorized motor fuel tax revenues to repayment of the Bonds through amendments to the existing General Resolution, or whether such revenues would be pledged by the Commission only to certain future transportation revenue obligations issued pursuant to a separate resolution or other instrument.

Table V-3; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page 159). Replace with the following updated table:

The table on the following page shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2015 Series 1 Bonds, based on the Department's estimated Program Income for 2015-2022. There can be no assurance that the estimated vehicle registration and other vehicle registration-related fees will be realized in the amounts shown.

Estimated Debt Service on the 2015 Series 1 Bonds and Estimated Coverage for Outstanding Bonds(a)(d)

	Estimated Program Income(a)			2015 Series 1 Bonds Debt Service			Outstanding Bonds(b)(c)(e)				Outstanding Notes(b)(c)(d)(e)				
Maturity (July 1)	Estimated Registration Fees (Millions)	Other Registration-Related Fees (Millions)	Total Program Income(c) (Millions)	Principal	Interest	Debt Service	Total Principal	Total Interest	Total Debt Service	Coverage Ratio	Total Principal-Notes	Estimated Total Interest - Notes	Estimated Total Debt Service - Notes	Estimated Total Debt Service - Bonds and Notes	Coverage Ratio
2015	$545.40	$93.37	$638.77				$107,690,000	$96,005,818	$203,695,818	3.14	$26,975,000	$7,205,150	$34,180,150	$237,875,968	2.69
2016	564.80	93.37	658.17	$17,555,000	$11,296,599	$28,851,599	102,395,000	88,689,275	191,084,275	3.44	28,405,000	5,856,400	34,261,400	225,345,675	2.92
2017	566.70	93.37	660.07	23,255,000	9,484,250	32,739,250	100,870,000	82,716,740	183,586,740	3.60	29,915,000	4,436,150	34,351,150	217,937,890	3.03
2018	585.60	93.37	678.97	12,390,000	8,321,500	20,711,500	117,025,000	77,844,863	194,869,863	3.48	16,153,000	2,940,400	19,093,400	213,963,263	3.17
2019	586.80	93.37	680.17	13,105,000	7,702,000	20,807,000	122,050,000	72,174,702	194,224,702	3.50	7,720,000	2,132,750	9,852,750	204,077,452	3.33
2020	605.10	93.37	698.47		7,046,750	7,046,750	129,200,000	66,173,808	195,373,808	3.58	8,105,000	1,746,750	9,851,750	205,225,558	3.40
2021	605.90	93.37	699.27	26,605,000	7,046,750	33,651,750	133,305,000	59,831,887	193,136,887	3.62	8,510,000	1,341,500	9,851,500	202,988,387	3.44
2022	623.90	93.37	717.27	13,940,000	5,716,500	19,656,500	125,905,000	53,308,158	179,213,158	4.00	8,935,000	916,000	9,851,000	189,064,158	3.79
2023				14,640,000	5,019,500	19,659,500	111,760,000	47,138,791	158,898,791		9,385,000	469,250	9,854,250	168,753,041	
2024				15,370,000	4,287,500	19,657,500	112,740,000	41,614,232	154,354,232						
2025				16,135,000	3,519,000	19,654,000	100,420,000	35,939,073	136,359,073						
2026				16,950,000	2,712,250	19,662,250	87,800,000	30,840,092	118,640,092						
2027				11,830,000	1,864,750	13,694,750	94,240,000	26,301,872	120,541,872						
2028				12,420,000	1,273,250	13,693,250	80,800,000	21,420,845	102,220,845						
2029				13,045,000	652,250	13,697,250	84,955,000	17,189,310	102,144,310						
2030							75,615,000	12,725,638	88,340,638						
2031							65,455,000	8,709,975	74,164,975						
2032							52,535,000	5,423,425	57,958,425						
2033							40,840,000	2,992,075	43,832,075						
2034							26,885,000	1,209,825	28,094,825						
				$207,240,000	$75,942,849	$283,182,849	$1,872,485,000	$848,250,404	$2,720,735,404		$144,103,000	$27,044,350	$171,147,350		

(a) The estimated fees for 2015 through 2022 reflect revenue projections completed by the Department in October 2014. Excludes interest earnings.

(b) Reflects the 2015 Series 1 Bonds and assumes, as of the date of this Official Statement, the Current Refunded Bonds and the Advance Refunded Bonds (other than the interest due July 1, 2015) have been defeased.

(c) Does not reflect or include the direct payment the State is expected to receive from the United States Treasury on each interest payment date in the amount of 35% of the interest payable by the State on such date for the 2009 Series B Bonds and the 2010 Series B Bonds, each designated as qualified "build America bonds".

(d) Reflects principal component of the respective Subordinated Debt Service Fund Requirement and assumed interest rate of 5.00%.

(e) Assumes that no additional Bonds will be issued and continuation of current Registration Fees and Other Registration-Related Fees. Estimates of Program Income and coverage beyond 2022 are not currently available.

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** contained in Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014 **(2014 Annual Report)**, which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part II of the 2014 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2014-15 fiscal year and General Fund tax collection projections for the 2014-15 fiscal year and 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on January 23, 2015 **(January 2015 LFB Report)**.
- General Fund information for the 2014-15 fiscal year through February 28, 2015, which is presented on either a cash basis or an agency-recorded basis.
- Information about the executive budget bill for the 2015-17 biennium.

Part II of the 2014 Annual Report contains general information about the State. More specifically, that part presents information about the following matters:

- State's revenue and expenditures
- State's operations, financial procedures, accounting, and financial reporting
- Organization of, and services provided by, the State
- Budget process and fiscal controls
- State budget (including results of fiscal year 2013-14 and State budget for fiscal year 2014-15)
- Potential effects of litigation
- State obligations
- Employee pension funds and other post-employment benefits
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to Part II of the 2014 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2014, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

The 2014 Annual Report was filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system, and also is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2014 Annual Report may also be obtained from:

State of Wisconsin Department of Administration
Capital Finance Office
101 E. Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

The State has independently provided, starting in July 2001, monthly reports on general fund financial information. The State did not provide such reports during the period of June, 2013 until March, 2014, at which time it resumed the preparation of such reports. These monthly reports are not required by any of the State's undertakings to provide information concerning the State's securities. These monthly reports are available on the State's Capital Finance Office web site that is listed above and also filed as additional voluntary information with the MSRB through its EMMA system; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2014 Annual Report. The State is not obligated to provide such monthly reports now or at any time in the future.

After publication and filing of the 2014 Annual Report, certain changes or events have occurred that affect items discussed in the 2014 Annual Report. Listed below, by reference to particular sections of Part II of the 2014 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

This Official Statement may include changes or additions that were released after the date of the Preliminary Official Statement (March 19, 2015). Any such change or addition is identified accordingly.

State Budget; Budget for 2014-15 Fiscal Year and **State Budget; Revenue Projections for 2014-15 Fiscal Year** (Part II; Pages 33-34). Update with the following information:

January 2015 LFB Report – General Fund Condition Statement

The January 2015 LFB Report includes an estimated General Fund condition statement for the 2014-15 fiscal year. The table on the following page includes this updated General Fund condition statement for the 2014-15 fiscal year and shows a projected ending net balance of negative $283 million.

The table on the following page also includes, for comparison, the actual General Fund condition statement for the 2013-14 fiscal year and the estimated General Fund condition statements for the 2014-15 fiscal year from the 2013-15 biennial budget (2013 Wisconsin Act 20), as approved on May 6, 2014 by the Legislature's Joint Committee on Finance **(JCF)**, and from a report provided by DOA on November 20, 2014 **(November 2014 DOA Report)**.

Other Developments

The revenues included in the November 2014 DOA Report and the January 2015 LFB Report do not include any amounts for tribal gaming. This was due to one of the larger tribal governments withholding its payment due in the 2013-14 fiscal year while the Governor considered an application for a new off-reservation casino in the State. On January 23, 2015, the Governor announced that he had rejected this application, and on the same date, that tribal government made the 2013-14 payment that it had been withholding. This late payment, and receipt of a payment due in the 2014-15 fiscal year, could increase revenues by approximately $50 million compared to the revenues included in the projected General Fund condition statement in the January 2015 LFB Report.

On January 23, 2015, the State of Wisconsin Department of Revenue (**Department of Revenue** or **DOR**) provided a letter to the Secretary of Administration stating that its analysis shows estimated General Fund tax collections for the 2014-15 fiscal year of $14.568 billion, or approximately $99 million more than the projected $14.470 billion included in the January 2015 LFB Report.

Finally, the executive budget bill for the 2015-17 biennium, as released by the Governor on February 3, 2015, incorporates a 2014-15 fiscal year gross ending balance of $0.3 million.

PROJECTED GENERAL FUND CONDITION STATEMENT
2014-15 FISCAL YEAR
(in Millions)

	2013-14 Annual Fiscal Report	2014-15 Fiscal Year: 2013-15 Biennial Budget	JCF May 2014	November 2014 DOA Report	January 2015 LFB Report
Revenues					
Opening Balance	$ 759.2	$ 463.5	$ 724.3	$ 516.9	$ 516.9
Prior Year Designation	18.7				
Taxes	13,948.1	14,517.5	14,724.6	14,643.3	14,469.8
Department Revenues					
Tribal Gaming		27.0	23.5		
Other	587.2	534.2	535.2	507.6	504.9
Total Available	15,313.3	15,542.3	16,007.7	15,667.8	15,491.6
Appropriations					
Gross Appropriations	15,043.2	15,433.4	15,883.1	15,817.2	15,883.2
2013 Wisconsin Act 9		10.6			
Transfers to Other Funds	40.4	143.8	143.8	169.6	169.6
Compensation Reserves	57.8	133.1	133.1	133.1	133.1
Less: Sum Sufficient Reestimates					(82.1)
Less: Biennial Appro. Adjustments					(4.4)
Less: Lapses	(345.2)	(334.9)	(317.7)	(320.0)	(324.4)
Net Appropriations	14,796.4	15,386.0	15,842.3	15,799.9	15,775.0
Balances					
Gross Balance	516.9	156.3	165.3	(132.1)	(283.4)
Less: Req. Statutory Balance	n/a	(65.0)	(65.0)	(65.0)	n/a
Net Balance, June 30	$ 516.9	$ 91.3	$ 100.3	$ (197.1)	$ (283.4)

Statutory Controls

As outlined in the 2014 Annual Report, the Wisconsin Constitution requires the Legislature to enact a balanced biennial budget, which the Legislature did for the 2014-15 fiscal year. The Wisconsin Statutes provide that, following the enactment of the budget, if the Secretary of Administration determines that budgeted expenditures will exceed revenues by more than one-half of one percent of general purpose revenues (consisting of general taxes, miscellaneous receipts, and revenues collected by state agencies which lose their identity and are available for appropriation by the Legislature), then no approval of expenditure estimates can occur. Further, the Secretary of Administration must notify the Governor and the Legislature, and the Governor must submit a bill correcting the imbalance. If the Legislature is not in session, then the Governor must call a special session to take up the matter. At this time, the Secretary of Administration has not made such a determination.

If after utilization of fiscal controls and other measures provided by Wisconsin Statutes to the Secretary of Administration, the final budgetary expenses of any fiscal year exceed available revenues, then the Legislature must take action to balance the budget in the succeeding fiscal year.

January 2015 LFB Report – General Fund Tax Collections

The January 2015 LFB Report also includes estimates of General Fund tax collections for the 2014-15 fiscal year, which are $14.470 billion, or an increase of $174 million (or 3.7%) from collections in the 2013-14 fiscal year, but a decrease of $173 million from the projections provided by DOR in the November 2014 DOA Report. The following table includes a summary of the estimated General Fund tax collections for the 2014-15 fiscal year, and also includes, for comparison, the actual General Fund tax collections for the 2013-14 fiscal year and the projected General Fund tax collections for the 2014-15 fiscal year included in the 2013-15 biennial budget (2013 Wisconsin Act 20), as approved by JCF in May, 2014, and provided by DOR for the November 2014 DOA Report.

The projections in the following table further reflect (i) certain reduced General Fund taxes in the 2013-15 biennial budget (2013 Wisconsin Act 20), (ii) adjustments on or after April 1, 2014 by DOR to the individual income tax withholding tables to reflect the recent changes in tax rates and tax brackets, and (iii) legislation enacted on March 24, 2014 that further reduced certain General Fund taxes.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2014-15 FISCAL YEAR
(in Millions)

	2013-14 Actual	Budget 2013 Act 20	JCF May 2014	DOR Nov. 2014	Jan. 2015 LFB Report
Individual Income	$ 7,061.4	$ 7,651.0	$ 7,514.1	$ 7,499.8	$ 7,350.0
Sales and Use	4,628.3	4,607.2	4,808.4	4,819.7	4,880.0
Corp. Income & Franchise	967.2	993.8	1,099.9	1,008.3	935.0
Public Utility	361.0	355.9	358.3	371.9	377.9
Excise					
Cigarettes	573.0	541.4	570.0	577.2	556.5
Liquor & Wine	49.0	66.7	69.8	70.2	69.3
Tobacco Products	67.7	51.5	48.3	48.7	47.6
Beer	9.0	9.0	8.9	8.8	8.8
Insurance Company	165.8	168.0	172.0	173.6	176.0
Miscellaneous Taxes	65.8	73.0	74.9	65.1	68.7
TOTAL	$13,948.1	$14,517.5	$14,724.6	$14,643.3	$14,469.8

A complete copy of the January 2015 LFB Report is included at the end of this Appendix B. In addition, the State has filed the January 2015 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page B-1.

State Budget; Budget for 2015-17 Biennium (Part II; Pages 34-35). Update with the following information:

2015-17 Executive Budget

The Governor's executive budget for the 2015-16 and 2016-17 fiscal years was released on February 3, 2015. The Governor's executive budget bill has been introduced in both houses of the Legislature and has been further referred to the Joint Committee on Finance for review. Both detailed and summary information about the Governor's executive budget for the 2015-17 biennium can be obtained from the following websites:
http://legis.wisconsin.gov/lfb/publications/budget/2015-17%20Budget/Pages/Governor.aspx
http://doa.wi.gov/divisions/budget-and-finance/biennial-budget

These websites are identified for the convenience of the reader only and are not incorporated by reference into this Official Statement. In addition, the Governor's executive budget for the 2015-17 biennium has been filed with the MSRB through its EMMA system, and additional information about the executive budget is available from the State as provided on page B-1.

Based on LFB's summary of the Governor's executive budget for the 2015-17 biennium, the following table includes the estimated General Fund condition statement for the 2015-16 and 2016-17 fiscal years.

Estimated General Fund Condition Statement
2015-16 and 2016-17 Fiscal Years
(in Millions)

	Governor's Executive Budget 2015-16 Fiscal Year	Governor's Executive Budget 2016-17 Fiscal Year
Revenues		
Opening Balance	$ 0.3	$ 92.0
Taxes	15,190.8	15,827.2
Department Revenues		
Tribal Gaming	23.5	24.1
Other	507.3	499.1
Total Available	15,721.7	16,442.5
Appropriations		
Gross Appropriations	15,876.0	16,961.3
Transfers	38.0	39.6
Compensation Reserves	10.7	18.6
Less: Lapses	(295.0)	(700.0)
Net Appropriations	15,629.7	16,319.5
Balances		
Gross Balance	92.0	123.0
Less: Required Statutory Balance	(65.0)	(65.0)
Net Balance, June 30	$ 27.0	$ 58.0

2015-17 General Fund Tax Collections

The Governor's executive budget for the 2015-17 biennium includes certain provisions that would affect the General Fund tax collections for that biennium. The table on the following page includes a summary of the estimated General Fund tax collections for the 2015-16 and 2016-17 fiscal years as included in the Governor's executive budget for the 2015-17 biennium and, for comparison, the estimated General Fund tax collections for the same fiscal years as provided by DOR for the November 2014 DOA Report, and in the January 2015 LFB Report.

The January 2015 LFB Report included estimates of General Fund tax collections for the 2015-16 and 2016-17 fiscal years in the amounts of $15.146 billion and $14.719 billion, respectively. These amounts were $111 million and $66 million, respectively, greater than projections provided by DOR in the November 2014 DOA Report.

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ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2015-16 AND 2016-17 FISCAL YEARS
(in Millions)

	2015-16 Fiscal Year			2016-17 Fiscal Year		
	DOR Nov. 2014	Jan. 2015 LFB Report	Exec. Budget Bill	DOR Nov. 2014	Jan. 2015 LFB Report	Exec. Budget Bill
Individual Income	$ 7,787.8	$ 7,845.0	$ 7,848.3	$8,174.0	$ 8,255.0	$ 8,268.3
Sales and Use	4,954.7	5,030.0	5,054.2	5,142.8	5,190.0	5,224.1
Corp. Income & Franchise	970.0	970.0	986.9	999.8	960.0	1,021.0
Public Utility	364.5	366.8	366.8	368.9	373.4	373.4
Excise						
Cigarettes	574.6	551.0	551.0	565.9	545.5	545.5
Liquor & Wine	72.8	71.4	71.4	75.8	73.6	73.6
Tobacco Products	50.7	48.6	48.6	52.1	49.6	49.6
Beer	8.7	8.6	8.6	8.4	8.4	8.4
Insurance Company	184.4	181.0	181.0	195.8	187.0	187.0
Miscellaneous Taxes	67.2	73.9	73.9	69.4	76.3	76.3
TOTAL	$15,035.4	$15,146.3	$15,190.8	$15,652.9	$15,718.8	$15,827.2

General Fund Information; General Fund Cash Flow (Part II; Pages 42-53). The following tables provide updates and additions to various tables containing General Fund information for the 2014-15 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, the following tables include information through February 28, 2015 and projected General Fund information (cash basis) for the remainder of the 2014-15 fiscal year. Data through February 28, 2015 for the following tables was released after the date of the Preliminary Official Statement for the 2015 Series 1 Bonds (March 19, 2015).

The results, projections, and estimates in the following tables (except where noted in such tables) reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), the impacts of withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues in the January 2015 LFB Report.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. The following tables may show negative balances on a cash basis. The State can have a negative cash balance at the end of a fiscal year.

The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect and may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect.

If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Table II-11; General Fund Cash Flow (Part II; Page 45). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2014 TO FEBRUARY 28, 2015
PROJECTED GENERAL FUND CASH FLOW; MARCH 1, 2015 TO JUNE 30, 2015[(a)]

(Amounts in Thousands)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
BALANCES[(a)(b)]												
Beginning Balance	$ 1,500,597	$ 621,109	$ 756,170	$ 1,729,087	$ 2,072,479	$ 1,847,944	$ 1,201,953	$ 2,162,015	$ 1,884,580	$ 1,131,139	$ 1,221,238	$ 1,498,320
Ending Balance[(c)]	621,109	756,170	1,729,087	2,072,479	1,847,944	1,201,953	2,162,015	1,884,580	1,131,139	1,221,238	1,498,320	941,133
Lowest Daily Balance [(c)]	474,074	404,168	756,170	1,530,791	1,689,582	743,846	1,201,952	1,884,579	1,041,878	975,381	798,027	365,669
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 626,833	$ 390,635	$ 915,187	$ 654,655	$ 441,890	$ 714,038	$ 996,881	$ 637,145	$ 794,438	$ 1,129,538	$ 355,466	$ 856,523
Sales & Use	462,971	453,323	455,697	456,193	432,190	401,625	486,898	374,866	355,346	421,100	420,827	451,553
Corporate Income	52,188	37,424	211,697	41,057	19,493	192,904	36,648	35,594	198,998	59,669	24,374	161,664
Public Utility	130	-	120	1,191	184,956	124	90	1	172	11,581	173,543	805
Excise	67,966	60,757	64,696	61,704	60,015	53,433	58,670	47,320	46,929	53,064	54,952	59,808
Insurance	1,680	4,088	12,290	3	1,895	13,649	9,831	21,449	9,669	14,643	791	16,239
Subtotal Tax Receipts	$ 1,211,768	$ 946,227	$ 1,659,687	$ 1,214,803	$ 1,140,439	$ 1,375,773	$ 1,589,018	$ 1,116,375	$ 1,405,552	$ 1,689,595	$ 1,029,953	$ 1,546,592
NON-TAX RECEIPTS												
Federal	$ 810,205	$ 834,417	$ 968,988	684,990	$ 644,460	$ 710,538	$ 950,927	$ 833,415	$ 745,782	$ 723,735	$ 766,872	$ 669,170
Other & Transfers	501,229	144,917	681,077	497,759	320,689	383,155	372,813	604,961	415,008	382,282	377,352	488,300
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,311,434	$ 979,334	$ 1,650,065	$ 1,182,749	$ 965,149	$ 1,093,693	$ 1,323,740	$ 1,438,376	$ 1,160,790	$ 1,106,017	$ 1,144,224	$ 1,157,470
TOTAL RECEIPTS	$ 2,523,202	$ 1,925,561	$ 3,309,752	$ 2,397,552	$ 2,105,588	$ 2,469,466	$ 2,912,758	$ 2,554,751	$ 2,566,342	$ 2,795,612	$ 2,174,177	$ 2,704,062
DISBURSEMENTS												
Local Aids	$ 1,441,859	$ 150,140	$ 753,269	$ 77,962	$ 859,761	$ 1,247,477	$ 185,941	$ 645,375	$ 1,378,921	$ 110,320	$ 155,788	$ 1,863,487
Income Maintenance	883,285	628,138	674,194	724,905	642,959	749,144	745,401	698,831	698,463	742,885	643,826	303,112
Payroll and Related	277,483	399,958	274,523	631,072	308,187	431,543	474,119	503,796	312,888	546,854	375,614	480,969
Tax Refunds	94,130	95,975	81,377	117,186	104,514	168,934	92,063	490,238	505,496	440,600	133,733	108,239
Debt Service	238,014	-	-	126,795	-	-	-	-	-	425,194	99,444	257
Miscellaneous	467,919	516,289	553,472	376,240	414,702	518,360	455,172	493,946	424,015	439,660	488,690	505,185
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,402,690	$ 1,790,500	$ 2,336,835	$ 2,054,160	$ 2,330,123	$ 3,115,458	$ 1,952,696	$ 2,832,186	$ 3,319,783	$ 2,705,513	$ 1,897,095	$ 3,261,249

(a) The results, projections, or estimates in this table reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), the withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues included in the January 2015 LFB Report. The projections or estimates in this table do not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The ending monthly balances of designated funds ranged from $1.2 billion to $1.9 billion during the 2012-13 fiscal year, ranged from $1.2 billion to $1.9 billion during the 2013-14 fiscal year, and are expected to range from $1.1 billion to $1.8 billion for the 2014-15 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately $25 million during the 2014-15 fiscal year.

(c) While no negative cash positions have occurred or are currently projected, the Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. For the 2014-15 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2014-15 fiscal year are approximately $1.429 billion and $477 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Table II-12; General Fund Cash Receipts and Disbursements Year-to-Date Compared to Estimates and Previous Fiscal Year (Part II; Page 47). Replace with the following updated table.

GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of February 28, 2015
(Amounts in Thousands)

	2013-14 Fiscal Year through February, 2014	2014-15 Fiscal Year through February, 2015				
	Actual	Actual[(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY14 Actual to FY15 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 5,908,444	$ 5,377,264	$ 5,447,815	$ (70,551)	$ (70,551)	$ (531,180)
Sales	3,334,364	3,523,763	3,452,644	71,119	71,119	189,399
Corporate Income	597,940	627,005	568,391	58,614	58,614	29,065
Public Utility	190,807	186,612	200,275	(13,663)	(13,663)	(4,195)
Excise	478,294	474,561	470,589	3,972	3,972	(3,733)
Insurance	67,091	64,885	71,704	(6,819)	(6,819)	(2,206)
Total Tax Receipts	$ 10,576,940	$ 10,254,090	$ 10,211,418	$ 42,672	$ 42,672	$ (322,850)
Non-Tax Receipts						
Federal	$ 6,272,202	$ 6,437,940	$ 6,509,922	$ (71,982)	$ (71,982)	$ 165,738
Other and Transfers	3,430,945	3,506,600	3,316,456	190,144	190,144	75,655
Note Proceeds	-	-	-	-	-	-
Total Non-Tax Receipts	$ 9,703,147	$ 9,944,540	$ 9,826,378	$ 118,162	$ 118,162	$ 241,393
TOTAL RECEIPTS	$ 20,280,087	$ 20,198,630	$ 20,037,796	$ 160,834	$ 160,834	$ (81,457)
DISBURSEMENTS						
Local Aids	$ 5,035,521	$ 5,361,784	$ 5,508,802	$ 147,018	$ 147,018	$ 326,263
Income Maintenance	5,492,940	5,746,857	5,976,474	229,617	229,617	253,917
Payroll & Related	3,262,134	3,341,220	3,294,633	(46,587)	(46,587)	79,086
Tax Refunds	1,312,760	1,244,417	1,129,661	(114,756)	(114,756)	(68,343)
Debt Service	384,279	364,809	384,039	19,230	19,230	(19,470)
Miscellaneous	3,683,471	3,755,561	3,915,365	159,804	159,804	72,090
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 19,171,105	$ 19,814,648	$ 20,208,974	$ 394,326	$ 394,326	$ 643,543
2014-15 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 555,160	$ 555,160	

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.

(b) The results, projections, and estimates in this table for the 2014-15 fiscal year reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), impacts of withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues in the January 2015 LFB Report.

(c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed, which may result in large variances. This column includes adjustments to the variances, if any, to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-13; General Fund Monthly Cash Position (Part II; Page 48). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2012 through February 28, 2015 – Actual
March 1, 2015 through June 30, 2015 – Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts[c]	Disbursements[c]
2012	July	$ 974,952 [d]	$ 2,520,484	$ 3,324,432
	August	171,004 [d]	2,062,401	1,768,434
	September	464,971	2,652,821	2,118,851
	October	998,941	2,612,683	1,734,916
	November	1,876,708	2,140,854	2,586,604
	December	1,430,959	2,274,768	2,744,918
2013	January	960,809	3,049,021	1,815,467
	February	2,194,363	2,440,117	2,299,291
	March	2,335,189	2,273,592	3,182,972
	April	1,425,809	3,275,565	2,513,625
	May	2,187,749	2,309,395	2,038,569
	June	2,458,575	2,398,430	3,030,437
	July	1,826,568	2,612,216	3,479,525
	August	959,259	1,942,353	1,805,260
	September	1,096,352	3,301,997	2,422,051
	October	1,976,298	2,359,585	1,745,587
	November	2,590,296	2,087,185	2,476,392
	December	2,201,089	2,402,394	2,738,822
2014	January	1,864,661	3,079,425	1,964,632
	February	2,979,454	2,494,932	2,538,836
	March	2,935,550	2,385,627	3,251,761
	April	2,069,416	2,767,975	2,718,417
	May	2,118,974	2,107,332	2,164,396
	June	2,061,910	2,836,257	3,397,570
	July	1,500,597	2,523,202	3,402,690
	August	621,109	1,925,561	1,790,500
	September	756,170	3,309,752	2,336,835
	October	1,729,087	2,397,552	2,054,160
	November	2,072,479	2,105,588	2,330,123
	December	1,847,944	2,469,466	3,115,458
2015	January	1,201,952	2,912,758	1,952,696
	February	2,162,014	2,554,751	2,832,186
	March	1,884,579	2,566,342	3,319,783
	April	1,131,138	2,795,612	2,705,513
	May	1,221,237	2,174,177	1,897,095
	June	1,498,319	2,704,062	3,261,249

[a] The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).

[b] The results, projections, or estimates in this table for the 2014-15 fiscal year reflect the budget bill for the 2013-15 biennium, impacts of withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues in the January 2015 LFB Report.

[c] Operating notes have not been issued for the 2012-13, 2013-14, or 2014-15 fiscal years.

[d] At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies for periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 9% of the total general purpose revenue appropriations then in effect. For the 2014-15 fiscal year this amount is projected to be $1.429 billion. In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of total general purpose revenue appropriations for a period of up to 30 days. For the 2014-15 fiscal year this amount is projected to be $477 million. If the amount available for temporary reallocation to the General Fund is insufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Source: Wisconsin Department of Administration

Table II-14; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 49). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2012 to February 28, 2015 – Actual
March 31, 2015 to June 30, 2015 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool **(LGIP)**, and the second table does include LGIP balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of $2.113 billion during November 2011 to a high of $3.464 billion during February 2013. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2012	2013	2014	2015
January		$ 1,549	$ 1,465	$ 1,264
February		1,601	1,518	1,368
March		1,688	1,534	1,534
April		1,708	1,644	1,644
May		1,721	1,620	1,289
June		1,677	1,533	1,427
July	$ 1,460	1,557	1,396	
August	1,498	1,569	1,311	
September	1,569	1,616	1,373	
October	1,341	1,419	1,294	
November	1,388	1,454	1,266	
December	1,487	1,518	1,346	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2012	2013	2014	2015
January		$ 5,017	$ 4,586	$ 4,198
February		5,051	4,642	4,464
March		5,250	4,884	4,884
April		4,999	4,605	4,605
May		4,577	4,173	4,173
June		4,427	4,012	4,035
July	$ 4,620	4,865	4,588	
August	4,176	4,283	3,879	
September	3,998	4,005	3,821	
October	3,529	3,615	3,438	
November	3,527	3,614	3,440	
December	4,174	4,255	3,965	

[(a)] The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund had a negative balance and temporary reallocations were made from such fund.

Source: Wisconsin Department of Administration

Table II-15; General Fund Recorded Revenues (Part II; Page 51). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2014 to February 28, 2015 compared with previous year

	Annual Fiscal Report Revenues 2013-14 Fiscal Year[(b)]	Projected Revenues 2014-15 Fiscal Year[(c)]	Recorded Revenues July 1, 2013 to February 28, 2014[(d)]	Recorded Revenues July 1, 2014 to February 28, 2015[(e)]
Individual Income Tax	$ 7,061,390,000	$ 7,514,100,000	$ 4,705,692,062	$ 4,465,668,291
General Sales and Use Tax	4,628,338,000	4,808,400,000	2,723,521,557	2,880,396,955
Corporate Franchise and Income Tax	967,184,000	1,099,900,000	502,797,706	451,786,075
Public Utility Taxes	360,967,000	358,300,000	190,242,325	195,366,930
Excise Taxes	698,687,000	697,000,000	421,149,193	406,707,655
Inheritance Taxes	(78,000)	-	17,587	(87,481)
Insurance Company Taxes	165,765,000	172,000,000	89,800,009	92,781,861
Miscellaneous Taxes	65,848,000	74,900,000	47,271,802	49,824,030
SUBTOTAL	13,948,101,000	14,724,600,000	8,680,492,242	8,542,444,315
Federal and Other Inter-Governmental Revenues[(f)]	10,168,393,000	10,022,639,400	6,716,545,969	6,873,639,720
Dedicated and Other Revenues[(g)]	5,649,427,000	4,773,215,600	3,998,055,421	4,214,247,999
TOTAL	$ 29,765,921,000	$ 29,520,455,000	$ 19,395,093,632	$ 19,630,332,035

(a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2013-14 fiscal year, dated October 15, 2014.

(c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2013-15 biennial budget (2013 Wisconsin Act 20), the estimated General Fund tax revenues included in the January 2014 LFB Memorandum, the impacts of withholding table changes that DOR made on or after April 1, 2014, and the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), but do not reflect the estimated General Fund tax revenues, as provided by DOR, in the November 2014 DOA Report or the estimated General Fund tax revenues in the January 2015 LFB Report.

(d) The amounts shown are 2013-14 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

(e) The amounts shown are 2014-15 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

(f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

(g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

Source: Wisconsin Department of Administration

Table II-16; General Fund Recorded Expenditures by Function (Part II; Page 53). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2014 to February 28, 2015 compared with previous year

	Annual Fiscal Report Expenditures 2013–14 Fiscal Year[(b)]	Appropriations 2014–15 Fiscal Year[(c)]	Recorded Expenditures July 1, 2013 to February 28, 2014[(d)]	Recorded Expenditures July 1, 2014 to February 28, 2015[(e)]
Commerce	$ 197,230,000	$ 227,465,900	$ 117,372,568	$ 135,379,728
Education	12,451,421,000	12,993,697,600	7,064,660,809	7,729,998,278
Environmental Resources	434,226,000	395,938,000	110,896,816	111,424,674
Human Relations & Resources	13,384,219,000	12,754,047,600	8,812,086,365	9,326,789,154
General Executive	1,001,832,000	1,123,118,300	734,110,882	711,479,384
Judicial	126,672,000	135,823,100	85,200,775	87,580,539
Legislative	65,525,000	74,923,700	37,973,195	38,002,440
General Appropriations	2,296,866,000	2,374,477,200	2,130,877,374	2,127,962,445
TOTAL	$ 29,957,991,000	$ 30,079,491,400	$ 19,093,178,784	$ 20,268,616,643

(a) The expenditures in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2013-14 fiscal year, dated October 15, 2014.

(c) The results and estimates included in this table reflect the 2013-15 biennial budget (2013 Wisconsin Act 20).

(d) The amounts shown are 2013-14 fiscal year expenditures as recorded by all State agencies.

(e) The amounts shown are 2014-15 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

Legislative Fiscal Bureau

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State of Wisconsin

January 23, 2015

Representative John Nygren, Assembly Chair
Senator Alberta Darling, Senate Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Representative Nygren and Senator Darling:

Annually, this office prepares general fund revenue and expenditure projections for the Legislature prior to commencement of legislative deliberations on the state's budget.

In the odd-numbered years, our report includes estimated revenues and expenditures for the current fiscal year and tax collection projections for each year of the next biennium. This report presents the conclusions of our analysis.

Comparison with the Administration's November 20, 2014, Report

On November 20, 2014, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified general fund revenue and expenditure projections for the 2014-15 fiscal year and the 2015-17 biennium. That report, required by statute, identifies the magnitude of state agency biennial budget requests and presents a projection of general fund tax collections.

Our analysis indicates that for the three-year period, aggregate general fund tax collections vary by only $3.3 million from the November 20 report. However, our annual projections compared to the administration's estimates are $173.5 million lower in 2014-15, $110.9 million higher in 2015-16, and $65.9 million higher in 2016-17.

Based upon the November report, the administration's general fund condition statement for 2014-15 reflects a gross ending balance (June 30, 2015) of -$132.1 million.

Our analysis indicates a gross balance of -$283.4 million for 2014-15. This is $151.3 million below that of the administration's report. The 2014-15 general fund condition statement is shown in Table 1.

TABLE 1

Estimated 2014-15 General Fund Condition Statement

	2014-15
Revenues	
Opening Balance, July 1	$516,891,000
Taxes	14,469,800,000
Departmental Revenues	
Tribal Gaming	0
Other	504,934,500
Total Available	$15,491,625,500
Appropriations	
Gross Appropriations	$15,883,157,300
Transfers to Transportation Fund	169,587,100
Compensation Reserves	133,056,500
Biennial Appropriation Adjustment	-4,395,000
Sum Sufficient Reestimates	-82,011,800
Less Lapses	-324,403,800
Net Appropriations	$15,774,990,300
Balance	-$283,364,800

The factors that cause the $151.3 million variance are as follows. First, based on economic forecasts and tax collections to date, the estimated tax collections of this memorandum are $173.5 million below the projections of the November 20 report. Second, departmental revenues (non-tax amounts deposited into the general fund) are projected to be $2.7 million less than the estimate of the administration. Third, it is estimated that net appropriations will be $24.9 million below the amount reflected in the administration's report. The primary reason for this difference is a reduction of $18.4 million in debt service payments.

It should be noted that in both the November 20 report and this analysis no amounts are shown for tribal gaming revenues for the 2014-15 fiscal year. In 2013-14, no tribal gaming revenues were deposited into the general fund. This was primarily due to the Potawatomi Tribe withholding its 2013-14 payment. It is unknown, at this time, if the Tribe will make a payment in 2014-15 and, if so, at what amount.

Revenue Shortfall Provisions

As shown in Table 1, the 2014-15 fiscal year is projected to end with a balance of -$283.4 million. Section 16.50(7) of the statutes establishes a process if there is a revenue shortfall. Under this provision, if at any time after enactment of the biennial budget the Secretary of the Department of Administration determines that previously authorized expenditures will exceed revenues in either year of the biennium by more than 0.5% of the estimated general fund appropriations for that fiscal year, the Secretary is required to immediately notify the Governor, the presiding officer of each house of the Legislature, and the Joint Committee on Finance of the revenue shortfall. Following this notification, the Governor is required to submit to the Legislature a bill containing the Governor's recommendations for correcting the imbalance between projected revenues and authorized expenditures.

The projected general fund balance for 2014-15 is estimated to be -$283.4 million. Consequently, authorized expenditures exceed revenues by more than 0.5%. As indicated, if the s. 16.50(7) process is to be implemented, the Secretary of the Department of Administration must first submit notification of the shortfall to the Governor and Legislature.

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for 2014-15 and the 2015-17 biennium. The information provided includes a review of the U.S. economy in 2014, a summary of the national economic forecast for 2015 through 2017, and detailed general fund tax revenue estimates for the current fiscal year and the next biennium.

Review of the National Economy in 2014

In January, 2014, this office prepared updated revenue estimates for the 2013-15 biennium based on IHS Global Insight, Inc.'s January, 2014, forecast for the U.S. economy. That forecast called for real growth in gross domestic product (GDP) of 2.7% in 2014 and 3.2% in 2015. Global Insight incorporated the following assumptions into its forecast for 2014: (a) that the federal discretionary spending level agreed upon in the Bipartisan Budget Act would remain in place; (b) emergency unemployment benefits would not be extended; (c) the Federal Reserve would reduce the amount of long-term securities it purchased by $10 billion per month following each meeting; and (d) Brent spot prices for crude oil would remain between $99 and $108 per barrel. Global Insight also noted that projecting growth in the first quarter of 2014 was complicated by the impacts of a number of significant changes to federal programs, such as the start-up of the federal exchanges under the Affordable Care Act and the expiration of emergency unemployment benefits. In addition, the build-up of excess business inventory during the third quarter of 2013 and the October federal government shutdown were expected to be a drag on real GDP growth in the fourth quarter of 2013.

Real GDP contracted in the first quarter of 2014 by 2.1%, the sharpest quarterly decline in growth since the 2008-2009 recession. However, Global Insight noted that the contraction in the first quarter was primarily a function of the inventory cycle and abnormal weather. Inventory accumulation during the second half of 2013, which was a drag on first quarter 2014 growth rather than on the fourth quarter of 2013 as previously forecasted, coupled with an unseasonably cold winter during the first quarter of 2014, were the primary causes of the first quarter contraction rather than underlying weakness in the economy. Growth rebounded sharply over the next two quarters, ending 2014 with real GDP growth of 2.4%, which was 0.3 percentage points lower than was forecast in January, 2014. The second and third quarters of 2014 showed strong growth of 4.6% and 5.0%, but growth slowed to 2.6% in the fourth quarter. Slower growth in the fourth quarter of 2014 was affected by a reduction in federal defense spending, which subtracted an estimated 1.4 percentage points from the quarterly growth rate.

Private sector employment grew in 2014 at the fastest pace since the recession, as an average of nearly 207,000 jobs per month were added. Despite these payroll gains, the labor force participation rate continued to decline to 61.4%, which is more than three percentage points lower than the pre-recession rate of 64.6% in 2007. Consumer spending accelerated in 2014, with growth in personal consumption expenditures (PCE) of 3.9% in 2014. PCE growth was strongest for net purchases of used motor vehicles and motor vehicle leasing.

Federal fiscal policy and Fed monetary policy were consistent with Global Insight's assumptions in its January, 2014, forecast. Discretionary spending remained at the levels agreed upon in the Bipartisan Budget Act and the emergency unemployment insurance benefits were not extended. A number of temporary tax breaks that were scheduled to expire following calendar year 2013 were extended through 2014 under the Tax Increase Prevention Act of 2014, including the federal research and development credit, bonus depreciation, higher Section 179 expensing limits, the deduction for state and local sales taxes, and certain deductions related to education. The Federal Reserve's tapering of long-term securities purchases, which began following the Fed's meeting in December of 2013, was completed following its October, 2014, meeting. Prior to tapering, the Fed was purchasing long-term securities of $85 billion per month to keep downward pressure on interest rates to support the economic recovery.

Oil prices were in line with Global Insight's January, 2014, forecast during the first three quarters, but declined significantly during the fourth quarter of 2014. Brent spot oil prices were expected to be between $99/barrel and $108/barrel at the end of 2014; however, the Brent spot price in the fourth quarter of 2014 averaged $78/barrel and continued to decline, ending 2014 at $56/barrel. As of mid-January, average U.S. gasoline prices had, in turn, declined by $1.55/gallon from their June 30, 2014, peak and were $1.17/gallon below prior-year levels. According to Global Insight, reduced oil prices have been caused by increased U.S. production, OPEC countries continuing to retain market share rather than cutting production, and weak non-U.S. economic growth, particularly in Europe and China, reducing demand for oil. Lower gasoline prices provide consumers increased disposable income that can be used for other discretionary spending.

National Economic Forecast

Global Insight's January, 2015, forecast calls for accelerated economic growth in 2015, followed by slower, but positive growth in 2016 and 2017. The main drivers of faster growth in the short term are expected to be continued lower gasoline prices, income gains, and positive consumer sentiment. Conversely, low energy prices are expected to reduce investment in industrial equipment and nonresidential structures, particularly in the mining and petroleum sectors.

Global Insight must make certain assumptions regarding fiscal policy, monetary policy, foreign economic growth, and changes in commodity prices when constructing its forecast for the national economy. The forecast assumes that Congress will increase the debt ceiling prior to the mid-March 2015 deadline, rather than default on federal obligations, and that the Federal

Reserve will begin increasing the federal funds rate in June of 2015. It is also assumed that real GDP among major trading partners of the United States and other important trading partners will grow at average annual rates of 2.0% and 4.3%, respectively, over the next decade. In addition, the trade-weighted value of the dollar is expected to appreciate 5.7% in 2015. Finally, it is assumed that oil prices will bottom out in the second quarter of 2015, and then rise throughout the remainder of the forecast period. After averaging $100/barrel in 2014, the Brent spot price is expected to average $64/barrel in 2015, $75/barrel in 2016, and $84/barrel in 2017. Over the longer term, prices are expected to continue rising to $145/barrel by 2024.

Gross Domestic Product. It is estimated that real GDP grew by 2.4% in 2014. Global Insight expects accelerated GDP growth of 3.1% in 2015, primarily caused by lower energy prices, which stimulates growth by increasing the amount of disposable income that consumers can spend on discretionary purchases. Real GDP is expected to grow at a rate of 2.7% in 2016 and 2017. Growth in nominal (current-dollar) GDP is expected to track a similar course, accelerating from 4.0% in 2014 to 4.9% in 2015, followed by a slight slowdown to 4.6% in 2016 and 2017.

Consumer Prices. The consumer price index (CPI) increased by 1.6% in 2014. Global Insight expects the CPI to remain nearly flat in 2015 at 0.1% growth, before increasing at a 2.3% pace in 2016 and 2.4% in 2017. The anticipated decrease in consumer prices in 2015 primarily reflects the aforementioned decline in energy prices. After rising by 2.4% in 2014, food prices are expected to increase by between 1.5% and 2.0% through 2017. As in recent years, core inflation (which excludes food and energy) is expected to be approximately 2.0% per year.

Monetary Policy. The Federal Reserve began tightening monetary policy from its very accommodative position following the Federal Open Markets Committee (FOMC) meeting in December of 2013. Prior to that meeting, the Fed had been purchasing $45 billion of long-term Treasuries and $40 billion of mortgage-backed securities each month in a process known as quantitative easing. These purchases were intended to exert downward pressure on interest rates in support of the economic recovery. After its meeting in December of 2013, the Fed began reducing these purchases until they were terminated in late October of 2014.

In addition to quantitative easing, the Fed has maintained the federal funds rate at less than 0.25% since early 2009. At its meeting in December of 2014, the Fed indicated that it would be appropriate to maintain the 0% to 0.25% target for the federal funds rate for a considerable time following the termination of quantitative easing. Based on this guidance, Global Insight expects the first rate increase to occur in June of 2015. As the impact of oil price declines diminishes, Global Insight expects that additional gradual increases will occur throughout the remainder of the forecast period. The average federal funds rate is expected to increase from 0.09% in 2014 to 0.44% in 2015, 1.56% in 2016, and 3.33% in 2017.

Among other benchmark interest rates in 2014, the yield on 10-year U.S. Treasury notes averaged 2.54% and the rate for a 30-year conventional fixed-rate mortgage averaged 4.17%. Global Insight expects average annual yields on 10-year U.S. Treasury notes to increase over the forecast period to 2.68% in 2015, 3.59% in 2016, and 4.21% in 2017. The average annual interest rate on 30-year conventional fixed-rate mortgages is expected to follow a similar pattern, rising to 4.35% in 2015, 5.43% in 2016, and 6.10% in 2017.

Personal Consumption Expenditures. Nominal PCE rose by an estimated 3.9% in 2014. Sales of items generally subject to the state sales tax (most durable goods, clothing, restaurant meals and accommodations, and other taxable nondurable goods and services) grew by 3.4% in 2014, while sales of nontaxable items (food for home consumption, gasoline, certain medical equipment and products, and most services) grew 4.2%.

Global Insight expects that wage gains in 2015 and 2016 should outpace consumer price increases. In 2015, growth in nominal PCE is projected to remain at 3.9% before accelerating to 4.9% in 2016 and 2017. Purchases of items subject to the state sales tax are expected to grow at a faster rate in 2015, led by strong growth in sales of new and used light trucks and motor vehicle leasing services. Sales of taxable goods and services are anticipated to grow 4.5% in 2015, 4.3% in 2016, and 4.6% in 2017. Conversely, expenditures for goods and services that are generally not subject to sales tax are expected to grow at a slower rate in 2015, before growing at a faster pace in 2016 and 2017. The forecast for nontaxable items is significantly affected by the anticipated drop and rebound in oil prices, which affect personal consumption expenditures of gasoline and other energy products. Sales of nontaxable goods and services are expected to increase by 3.5% in 2015, 5.4% in 2016, and 5.2% in 2017.

Personal Income. Personal income grew by an estimated 3.9% in 2014. Global insight expects personal income growth to accelerate through the forecast period, with growth of 4.4% in 2015, 5.0% in 2016, and 5.5% in 2017. Growth in personal income will be driven primarily by higher private sector wages and personal interest income over the forecast period.

Employment. The average unemployment rate for 2014 was 6.2%, an improvement from a rate of 7.4% in 2013. The unemployment rate is expected to continue to decline through the forecast period, dropping to an average rate of 5.5% in 2015, 5.3% in 2016, and 5.2% in 2017. The labor force participation rate has fallen each year from 2006 through 2014, declining a total of 3.2 percentage points from 64.6% to 61.4%. This trend is expected to reverse over the forecast period, with the labor force participation rate increasing to 61.6% in 2015, 61.8% in 2016, and 62.0% in 2017.

Total nonfarm payrolls reached their first quarter 2008 pre-recession peak of 138.3 million during the second quarter of 2014. Global Insight expects total nonfarm payrolls to continue growing over the forecast period, increasing to average payrolls of 141.7 million in 2015, 144.2 million in 2016, and 146.0 million in 2017. Private sector payrolls, which reached their prerecession level in the first quarter of 2014, increased 2.5 million in 2014 and are expected to increase an additional 2.8 million in 2015, 2.4 million in 2016, and 1.6 million in 2017. Public sector payrolls grew by an estimated 37,000 in 2014, and are expected to continue growing by 59,000 in 2015, 87,000 in 2016, and 210,000 in 2017 due to increases in state and local employment. Federal employment is expected to decline slightly. Public sector payrolls are not expected to reach prerecession levels over the forecast period.

Housing. The housing market showed mixed growth in 2014. Average interest rates for conventional 30-year fixed-rate mortgages increased slightly from 4.0% to 4.2%. Sales of new and existing homes decreased by 2.7%, as sales of existing homes declined by 151,000 while sales of new homes increased by 3,000. Sales of new and existing homes are expected to grow by 10.4% in 2015 and 7.4% in 2016, and then decline by 1.3% in 2017. Conversely, at 993,000, the number of housing starts grew by 6.9% in 2014, and is expected to continue strong growth of 169,000 additional starts in 2015, 186,000 in 2016, and 148,000 in 2017. It should be noted that sales of new and existing homes and the number of housing starts remain 36% and 52% below 2005 peak levels, respectively, and Global Insight believes that single-family home sales have reached a new normal level, given the recent rate of household formation.

Home prices continued to climb in 2014 by 6.3%, but at a slower pace than in 2013. Growth in home prices is expected to decelerate in the first two years of the forecast, increasing by 4.4% in 2015, 2.0% in 2016, and 3.6% in 2017. Unlike new and existing home sales and housing starts, overall home prices now exceed pre-recession levels.

Corporate Profits. In 2014, before-tax profits grew at a relatively fast pace of 9.1% over the prior year. Global Insight projects that before-tax profits will grow at a 5.5% rate in 2015, but then contract by 0.1% in 2016 and 5.8% in 2017. Economic profits, which are not affected by federal tax laws, grew by 0.7% in 2014 and are expected to show strong growth of 10.6% in 2015, slower growth of 1.8% in 2016, and contract by 3.9% in 2017. Both before-tax and economic profits are expected to grow in 2015, primarily from accelerated GDP growth, but are expected to decline in the future years due to anticipated higher business costs from rising oil prices, rising corporate interest payments, and rising wage growth in a tightening labor market. Before-tax profits are expected to contract faster than economic profits due to the scheduled expiration of a number of temporary federal business tax provisions.

Business Investment. Business investment in equipment showed growth of 7.2% in 2014, and is expected to show continued, strong growth of 7.8% in 2015, 7.6% in 2016, and 5.8% in 2017. Investment in nonresidential structures grew by 10.8% in 2014, but is expected to decelerate sharply to 0.3% growth in 2015 before rebounding to growth of 6.1% in 2016 and 11.9% in 2017. Global Insight notes that lower oil prices, uncertainty over single-family housing starts, weak foreign economic growth, and appreciation of the U.S. dollar are expected to drag on equipment spending over the first three quarters of 2015.

According to Global Insight, the reduction in growth of nonresidential structures is primarily caused by an anticipated decline in mining and petroleum investment, which grew by 10.2% in 2014 but is expected to contract by 14.3% in 2015 and 1.2% in 2016 before growing by 11.2% in 2017. The forecasted drop in investments for nonresidential structures is the flipside to lower energy prices. The steep decline in oil prices will likely make U.S. shale oil extraction less profitable. The mining and petroleum sector accounted for 30% of total nonresidential structure investment in 2014, and Global Insight notes that the expected decline in drilling activity in response to lower oil prices will be a drag on GDP growth of 0.35 percentage points during the first two quarters of 2015.

International Trade. Exports increased $77 billion (3.4%) in 2014 compared to increased imports of $89 billion (3.2%), which increased net imports by $12 billion. Weak foreign growth (particularly in Europe and China), continued U.S. growth, and a stronger dollar are likely to cause international trade to be a drag on U.S. economic growth as imports strengthen over the medium-term of the forecast period. The recent decline in oil prices coupled with increased domestic production in North Dakota and Texas, which have reduced crude oil imports to the slowest pace since February, 1993, are expected to cause a drop in 2015 net imports, with oil imports bottoming out in the second quarter of 2015. The dollar value of imports is expected to decline by 1.9% in 2015 (primarily caused by a 39.9% drop in the total value of petroleum imports) before increasing 6.7% in 2016 and 7.6% in 2017. The dollar value of exports is expected to continue growing over the forecast period, with growth of 3.0% in 2015, 5.2% in 2016, and 5.5% in 2017.

The projections outlined above, which reflect Global Insight's baseline forecast, are summarized in Table 2.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2015
($ in Billions)

	2014	2015	2016	2017
Nominal Gross Domestic Product	$17,441.3	$18,301.4	$19,149.2	$20,037.1
Percent Change	4.0%	4.9%	4.6%	4.6%
Real Gross Domestic Product	$16,089.0	$16,587.5	$17,031.2	$17,486.1
Percent Change	2.4%	3.1%	2.7%	2.7%
Consumer Prices (Percent Change)	1.6%	0.1%	2.3%	2.4%
Personal Income	$14,715.3	$15,355.6	$16,125.5	$17,015.8
Percent Change	3.9%	4.4%	5.0%	5.5%
Personal Consumption Expenditures	$11,928.4	$12,394.4	$13,006.4	$13,646.4
Percent Change	3.9%	3.9%	4.9%	4.9%
Economic Profits	$2,121.2	$2,345.9	$2,389.3	$2,296.3
Percent Change	0.7%	10.6%	1.8%	-3.9%
Unemployment Rate	6.2%	5.5%	5.3%	5.2%
Total Nonfarm Payrolls (millions)	138.88	141.71	144.20	145.96
Percent Change	1.8%	2.0%	1.8%	1.2%
Light Vehicle Sales (millions)	16.41	16.89	17.24	17.49
Percent Change	5.7%	2.9%	2.1%	1.4%
Sales of New and Existing Homes (millions)	5.356	5.911	6.348	6.265
Percent Change	-2.7%	10.4%	7.4%	-1.3%
Housing Starts (millions)	0.994	1.163	1.349	1.497
Percent Change	6.9%	17.0%	16.0%	11.0%

Global Insight's forecast also includes an optimistic scenario and a pessimistic scenario. The January, 2015, forecast assigns a 15% probability to the former. Under the optimistic scenario, oil prices are lower than the baseline forecast, and U.S. drilling activity remains higher than anticipated as producers assume the current price per barrel of oil is temporary. Reduced oil prices encourage additional consumer spending on other items. Expanded monetary policy successfully stimulates growth in the Eurozone and emerging markets implement structural reforms to increase labor productivity, which results in an appreciation of foreign currencies relative to the dollar. Under this scenario, higher exports lead to significant domestic wage and payroll gains. Real GDP growth increases under the optimistic scenario to 4.0% in 2015, 3.9% in 2016, and 3.4% in 2017.

Under the pessimistic scenario (also assigned a 15% probability), household formation declines as compared to the baseline, partly because of poor wage growth, which depresses housing starts. Declining stock prices lower consumer confidence, causing consumption to fall compared to the baseline forecast. Slower foreign growth in the pessimistic scenario further weakens businesses, which slows payroll growth, and the Federal Reserve elects to maintain a near-zero level for the federal funds rate until 2017. Real GDP growth is reduced under the pessimistic scenario to 1.9% in 2015, 0.8% in 2016, and 1.8% in 2017.

General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2014-15 and each year of the 2015-17 biennium. Over the three-year period, these estimates are $3.3 million higher than the projections released by the Department of Revenue (DOR) last November. By year, the new estimate for 2014-15 is $173.5 million lower than DOR's estimate, while the new estimates for 2015-16 and 2016-17 are higher than DOR's figures by $110.9 million and $65.9 million, respectively.

TABLE 3

Projected General Fund Tax Collections
(Millions)

	2013-15 Biennium		2015-17 Biennium	
	2013-14 Actual	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Individual Income	$7,061.4	$7,350.0	$7,845.0	$8,255.0
Sales and Use	4,628.3	4,880.0	5,030.0	5,190.0
Corporate Income & Franchise	967.2	935.0	970.0	960.0
Public Utility	361.0	377.9	366.8	373.4
Excise				
Cigarettes	573.0	556.5	551.0	545.5
Tobacco Products	67.7	69.3	71.4	73.6
Liquor and Wine	49.0	47.6	48.6	49.6
Beer	9.0	8.8	8.6	8.4
Insurance Company	165.8	176.0	181.0	187.0
Miscellaneous Taxes	65.8	68.7	73.9	76.3
Total	$13,948.1	$14,469.8	$15,146.3	$15,718.8
Change from Prior Year		521.7	676.5	572.5
Percent Change		3.7%	4.7%	3.8%

In 2014-15, the total variance of $173.5 million is due primarily to the individual income tax and the corporate income and franchise tax. The new projection of individual income tax collections in that year is lower than DOR's estimate by $149.8 million and the new estimate for the corporate tax is $73.3 million lower. These figures reflect more recent collections data. Smaller differences are estimated for the other tax sources and in each of the two years of the next biennium.

With the exception of Section 179 expensing, which is discussed below, all of the estimates reflect year-to-date collections data, the most recent national economic forecast, and all federal and state tax law changes enacted to-date.

Section 179 of the Internal Revenue Code allows taxpayers to claim an immediate deduction for the cost of acquiring certain types of business property, instead of depreciating such property over its useful life. There is a limit on the annual amount that may be deducted (deduction limit), which is decreased on a dollar-for-dollar basis if the taxpayer's total annual investment in eligible property exceeds a specified threshold (investment limit). Beginning in 2003, the permanent deduction limit was scheduled to be $25,000 and the investment limit was scheduled to be $200,000. However, Congress enacted a number of temporary increases to these limits in an effort to stimulate business investment. Although these increases have been enacted with sunset dates, subsequent federal legislation has continued or increased the higher limits each year since 2003. Most recently, the deduction limit of $500,000 and the investment limit of $2 million were extended to tax year 2014 under the federal Tax Increase Prevention Act of 2014, which was passed in late December. These limits were first enacted in 2010 and have been extended twice since then. Beginning in 2014, state law automatically conforms to the federal Section 179 provisions. The revised individual and corporate income tax estimates shown in Table 3 reflect the higher deduction and investment limits in 2014, and assume that they will be continued indefinitely. This assumption reflects the expectation that Congress will continue to extend these provisions as it has done since 2003.

Individual Income Tax. Individual income tax revenues are estimated to total $7,350.0 million in 2014-15, which represents a 4.1% increase relative to income tax collections in 2013-14 of $7,061.4 million. Individual income tax revenues are estimated at $7,845.0 million in 2015-16 and $8,255.0 million in 2016-17. These amounts represent increases of 6.7% in the first year and 5.2% in the second year.

The January, 2015, Global Insight forecast projects national personal income growth of 3.9% in 2014, 4.4% in 2015, 5.0% in 2016, and 5.5% in 2017. However, personal income includes both taxable components, such as wage and salary disbursements, and nontaxable components, such as employer contributions for employee fringe benefits and government transfer payments to individuals. The taxable components of personal income are estimated to increase by 3.9% in 2014, 4.6% in 2015, 5.3% in 2016, and 5.7% in 2017. Personal income, as measured by the U.S. Bureau of Economic Analysis, does not include income from capital gains realizations, which are subject to state and federal taxation.

Year-to-date income tax receipts through December are 6.4% below 2013-14 collections. However, this growth rate is significantly affected by changes to the withholding tables that were implemented last April. Over the remainder of 2014-15, it is anticipated that collections will increase by 15.1% due to several factors. First, refunds for tax year 2014 will be significantly reduced and final payments will be increased because of the decreased amount of withholding taxes paid since last April. Also, beginning in April, 2015, growth in withholding collections should improve significantly because the current-year receipts will no longer be compared to collections that were based on the previous, higher withholding tables. In addition, it is believed that federal tax increases enacted late in 2012 induced taxpayers to realize additional investment income in that year, which otherwise would have been realized in 2013. This is believed to have artificially suppressed collections last Spring, which should lead to a "bounce-back" this year. These positive impacts will be partially offset by the effects of state tax reductions, primarily the decrease in the bottom marginal tax rate enacted in 2013 Act 145 and the continued phase-in of the manufacturing and agriculture credit. As noted, for the entire year, income tax collections in 2014-15 are expected to be 4.1% higher than in 2013-14.

An above-average growth rate of 6.7% is estimated for 2015-16, primarily because a large one-time revenue loss associated with the withholding table changes will no longer occur. In 2016-17, the increase in individual income tax collections is estimated to more closely approximate the increase in personal income, as a more normal pattern of growth in tax collections returns.

General Sales and Use Tax. State sales and use tax revenues totaled $4,628.3 million in 2013-14, and are estimated at $4,880.0 million for 2014-15. The estimate represents an increase of 5.4% over the prior year. Sales tax revenues in the next biennium are estimated at $5,030.0 million in 2015-16 and $5,190.0 million in 2016-17, reflecting growth of 3.1% and 3.2%, respectively.

Sales tax collections through December, 2014, are 4.7% higher than the same period in 2013 and are projected to accelerate to 6.0% for the remainder of the 2014-15 fiscal year.

Corporate Income/Franchise Tax. Corporate income/franchise taxes are estimated to decrease from $967.2 million in 2013-14 to $935.0 million in 2014-15. Corporate income/ franchise tax revenues are forecast to increase to $970.0 million in 2015-16 and decrease to $960.0 million in 2016-17. This represents a decrease in revenues of 3.3% in 2014-15, followed by a 3.7% increase in 2015-16 and a decrease of 1.0% in 2016-17.

The estimate for 2014-15 is based, in part, on year-to-date corporate income/franchise collections. Through December, 2014, collections were 8.5% lower when compared to the same period in 2013-14. A number of tax law changes, including the phase-in of the manufacturing and agriculture tax credit, the expansion of the historic rehabilitation tax credit, and the automatic adoption of federal law changes to Section 179 expensing provisions, will reduce corporate income/franchise tax collections in 2014-15.

Projected corporate income/franchise tax revenues for 2015-16 and 2016-17 reflect the forecast for economic profits through the remainder of the forecast period. The forecast incorporates state tax law changes that are anticipated to have an impact on future state tax revenues, such as the continued increase in the manufacturing and agriculture tax credit and the expiration of a number of business tax credits pursuant to 2013 Wisconsin Act 20. As previously noted, it is assumed that Congress will continue to extend the current Section 179 provisions through the forecast period, which would automatically be adopted under state law and cause further reductions in state corporate income/franchise tax revenues over the 2015-17 biennium.

Public Utility Taxes. Public utility taxes are estimated at $377.9 million in 2014-15, $366.8 million in 2015-16, and $373.4 million in 2016-17. These estimates represent year-to-year changes of 4.7% in 2014-15, -2.9% in 2015-16, and 1.8% in 2016-17. The gross revenues tax group comprises about 70% of estimated collections over the three-year period, and private light, heat, and power companies are the largest taxpayer group among gross revenues taxpayers. As such, they exert considerable influence on total utility collections, and private light, heat, and power company tax collections are estimated to increase 4.3% in 2014-15, decrease 1.4% in 2015-16, and increase 3.4% in 2016-17. This pattern is influenced by cold weather and increased natural gas prices in the first quarter of 2014, more normal winter weather and lower natural gas prices in subsequent periods, and declining or low growth in commercial and industrial electricity sales due to a sluggish recovery from the economic downturn. Companies subject to a state ad valorem tax comprise the other group of taxpayers with public utility tax liabilities. Collections from these taxpayers are estimated to increase 6.0% in 2014-15, but then decrease by 6.7% in 2015-16 and 1.8% in 2016-17. The decreases result from falling ad valorem tax rates and the loss of tax base due to depreciation and obsolescence.

Excise Tax Revenues. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2013-14, excise tax collections totaled $698.7 million. Of this amount, $573.0 million (approximately 82%) was from the excise tax on cigarettes. Excise tax revenues are estimated at $682.2 million in 2014-15, which represents reduced revenue of 2.4%. The estimated reduction in excise tax revenues in 2014-15 is primarily from weak growth through December, 2014, in year-to-date cigarette tax collections, which are currently 3.1% lower than collections over the same period in 2013. Excise tax revenues over the next biennium are estimated at $679.6 million in 2015-16 and $677.1 million in 2016-17, which reflects reduced revenue of 0.4% in 2015-16 and 2016-17.

Insurance Premiums Taxes. Insurance premiums taxes are projected to increase from $165.8 million in 2013-14 to $176.0 million in 2014-15, $181.0 million in 2015-16, and $187.0 million in 2016-17. The 2014-15 estimate is based, in part, on year-to-date insurance premiums tax collection growth of 7.6%, whereas the estimates for 2015-16 and 2016-17 reflect historic growth trends and industry forecasts of premiums growth for most lines of insurance. The estimates reflect annual growth in insurance premiums tax revenues of 6.2% in 2014-15, 2.8% in 2015-16, and 3.3% in 2016-17.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $65.8 million in 2013-14, of which 78% was generated through the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2014, miscellaneous taxes are projected to increase to $68.7 million in 2014-15, which represents a 4.5% increase from 2013-14 collections. Miscellaneous taxes are estimated to increase to $73.9 million in 2015-16 and $76.3 million in 2016-17, primarily due to an anticipated continuation of the housing recovery.

This office will continue to monitor state revenues and expenditures and new economic forecasts, and notify you and your colleagues of any further adjustments that may be necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2015 Series 1 Bonds, Quarles & Brady, LLP, Milwaukee, Wisconsin expects to deliver to the State a legal opinion in substantially the following form:

[Letterhead of Quarles & Brady LLP]

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, WI 53702

RE: $207,240,000 State of Wisconsin **(State)**
Transportation Revenue Refunding Bonds, 2015 Series 1
dated April 30, 2015 **(2015 Series 1 Bonds)**

We have acted as bond counsel to the State in connection with the issuance of the 2015 Series 1 Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission **(Commission)** preliminary to and in connection with the issuance of the 2015 Series 1 Bonds.

The 2015 Series 1 Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 **(Revenue Obligations Act)** and Section 84.59 **(Act)** of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" **(General Resolution)**, as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000, and October 15, 2003 (collectively, **Amending Resolutions)**; and the resolution of the Commission adopted January 14, 2015, and the determinations of the Capital Finance Director made thereunder in the report to the Commission, dated April 29, 2015 (collectively, **Series Resolution)** (hereafter, the General Resolution, as amended by the Amending Resolutions, shall be referred to as the **General Resolution** and the General Resolution and the Series Resolution shall be referred to collectively as the **Resolutions**).

The 2015 Series 1 Bonds are issued on a parity with certain outstanding transportation revenue bonds **(Prior Bonds)**, and are issued on a basis senior to certain outstanding transportation revenue commercial paper notes. The 2015 Series 1 Bonds are issued to pay the costs of refunding certain outstanding Prior Bonds.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State, acting through the Commission, is authorized to issue transportation revenue bonds in addition to, but on a parity with the Prior Bonds and the 2015 Series 1 Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

We have examined a sample of the 2015 Series 1 Bonds and find the same to be in proper form.

Based upon our examination, it is our opinion under existing law:

(1) The State has valid right and lawful authority to finance transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the 2015 Series 1 Bonds.

(2) The Resolutions have been duly and lawfully adopted by the Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable upon the State in accordance with their terms.

(3) The 2015 Series 1 Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Prior Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.

(4) The 2015 Series 1 Bonds have been lawfully authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act and in accordance with the Resolutions.

(5) The 2015 Series 1 Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the 2015 Series 1 Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the 2015 Series 1 Bonds.

(6) The interest on the 2015 Series 1 Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the owners of the 2015 Series 1 Bonds. The interest on the 2015 Series 1 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended **(Code)** on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations the interest on the 2015 Series 1 Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the 2015 Series 1 Bonds in order for interest on the 2015 Series 1 Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2015 Series 1 Bonds to be included in gross income retroactively to the date of issuance of the 2015 Series 1 Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2015 Series 1 Bonds.

In rendering our opinion regarding exemption from present federal income taxes, we have relied on the report of Robert Thomas CPA, LLC, as to the yield on the 2015 Series 1 Bonds and investments relative to the refunding transaction.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the 2015 Series 1 Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2015 Series 1 Bonds other than as expressly set forth herein.

Except as expressly set forth in (3) above regarding the priority of the 2015 Series 1 Bonds with respect to other obligations of the State under the Act, we express no opinion regarding the perfection or priority of the lien on Program Income or other Funds established under the General Resolution.

The rights of the owners of the 2015 Series 1 Bonds and the enforceability of the 2015 Series 1 Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights and may be also subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

APPENDIX D

OUTSTANDING BONDS
REFUNDED BY THE 2015 SERIES 1 BONDS

Series	Principal Amount	Interest Rate	Maturity Date	CUSIP[a]	Call Date	Call Price
Current Refunded Bonds						
2005 Series A	$ 20,000,000	5.00%	7/1/2016	977123 TM0	7/1/2015	100%
	25,210,000	5.00	7/1/2017	977123 TP3	7/1/2015	100
	13,430,000	5.00	7/1/2018	977123 TQ1	7/1/2015	100
	14,205,000	5.00	7/1/2019	977123 TR9	7/1/2015	100
	15,555,000	5.00	7/1/2021	977123 TT5	7/1/2015	100
	$ 88,400,000					
Advance Refunded Bonds						
2008 Series A	$ 12,825,000	5.00%	7/1/2027	977123 XV5	7/1/2018	100%
	13,465,000	5.00	7/1/2028	977123 XW3	7/1/2018	100
	14,140,000	5.00	7/1/2029	977123 XX1	7/1/2018	100
2014 Series 1	13,285,000	5.00	7/1/2021	977123 G69	7/1/2019	100
	15,115,000	5.00	7/1/2022	977123 G77	7/1/2019	100
	15,870,000	5.00	7/1/2023	977123 G85	7/1/2019	100
	16,665,000	5.00	7/1/2024	977123 G93	7/1/2019	100
	17,495,000	5.00	7/1/2025	977123 H27	7/1/2019	100
	18,375,000	5.00	7/1/2026	977123 H35	7/1/2019	100
	$ 137,235,000					

[a] The CUSIP number for each refunded bond has been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers.